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ESTABLISHED 1887

Kohl Moves Warily on Hostages

Contacts With Kidnappers Are Said to Be in Early Stages

By James M. Markham

New York Times Service

BONN — Chancellor Helmut Kohl's government has made only preliminary contacts with the kidnappers of two West Germans in Beirut and has made no irrevocable decision on whether to extradite a suspected Lebanese terrorist to the United States, according to officials.

At the same time, the officials said Thursday, they are watching with growing concern the U.S. naval buildup in the eastern Mediterranean, fearing that any American military intervention in Lebanon might upset Bonn's cautious, low-key approach to gaining release of the two men.

In Washington, sources told The Associated Press on Thursday that the Defense Department may soon allow one of two Marine amphibious groups now sailing in the

Mediterranean to leave for home. Government officials hope such a move would discourage speculation that a military strike in the Middle East is in the offing, according to the sources, who agreed to discuss the matter only if not identified.

France has scuttled U.S. plans for talks on the hostage situation in Lebanon, Page 2.

A U.S. journalist expelled from Iran was to be flown to Frankfurt, Page 2.

The sources said the Navy also intended to allow the aircraft carrier Kennedy to proceed toward a port call in Israel, and that four of the Kennedy's smaller escorting warships had been informed they could soon sail for home. The sources added that the Kennedy

and its remaining escorts would remain in the eastern Mediterranean for the time being following a port call in Haifa, Israel.

Mohammed Ali Hamadeh, 22, was arrested at Frankfurt Airport on Jan. 13 after liquid explosives were found in his luggage. Gumm in West Beirut kidnapped two German businessmen after the United States demanded that Mr. Hamadeh be extradited because of his suspected involvement in the hijacking of a Trans World Airlines jetliner in 1985.

On Jan. 26, Abbas Ali Hamadeh, a West German citizen, was arrested at the same airport upon arrival from Beirut on suspicion of being involved in the kidnappings. Officials said that he provided information that led to the discovery of a cache of liquid explosives in the

See BONN, Page 2

Waite Is Reported Seen In a Suburb of Beirut

The Associated Press

BEIRUT — Two taxi drivers said they saw Terry Waite, the Anglican Church envoy, walking in a southern Beirut suburb Thursday with an escort of about 10 gunmen and four Shiite Muslim sheikhs.

Mr. Waite was last seen by reporters on Jan. 20 when he left his hotel in West Beirut to meet the kidnappers of two Americans. Since then, he has not been contacted by the Church of England or his family.

The taxi drivers said they saw Mr. Waite walking with his escorts in a street close to the capital's airport highway at about 3 P.M. "I saw him smiling and waving his hand to onlookers as he walked," said one witness. "He wore a gray raincoat. I stopped my taxi to watch, but the escorts waved me away, shouting: 'Don't stop. Drive on.'"

Mr. Waite wore a raincoat when he was last seen by reporters. Another taxi driver said he saw Mr. Waite at the same time in the same procession, smiling and waving his right arm to onlookers on the left side of the street.

Both drivers work in the neighborhood of the hotel where Mr. Waite stayed between his arrival in Lebanon on Jan. 12 and the time he was dropped from sight.

Mr. Waite came to Beirut to try to win the freedom of foreign hostages. A total of 26 foreigners, including eight Americans, are missing and presumed kidnapped in Lebanon. Many are believed held by Shiite Muslims.

The taxi drivers said that before Mr. Waite's disappearance, they had often seen him walking on the beach or traveling in a motorcade. "I haven't the slightest doubt about his identity," one driver said. "I know him and I saw him this afternoon."

There have been a spate of conflicting reports about Mr. Waite. In West Germany, the newspaper Bild quoted unidentified "Beirut security circles" as saying that Mr. Waite was shot and critically wounded after he tried to escape from captivity in Lebanon. The newspaper, in a report prepared for its Friday edition, did not say when the alleged shooting occurred or provide other details.

Shiite and Druze Muslim officials in Beirut scoffed at the newspaper report.

"It's absolute fantasy," said one militia official. "My people know he is held by the group with which he had been talking about the hostages. But he is alive. He has not been shot or mistreated."

The Washington Post reported Thursday that Mr. Waite had disappeared after the people with whom he was negotiating became upset over his inability to work out an arrangement to free Kuwaiti prisoners.

Asked how he could be so certain, he said: "We have our own ways and contacts. We know he has not been shot."

Also Thursday, police and military officials in Beirut renewed their denial of any U.S. military action in Lebanon following rumors that U.S. Marines were landing to attack Shiite guerrillas.

"We have had no report of any such attack anywhere in Lebanon, yet," a police official said.

In Washington, sources said no attack on Lebanon was planned.



A Spanish policeman removes a student who, along with others, was blocking a street in central Madrid on Thursday to protest the Socialist government's educational policies.

Spanish Students Stage New Protests

Reuters

MADRID — Spanish students staged fresh protests Thursday after talks with the education minister, José María Maravall Herrero, failed to result in an agreement to end two months of unrest. The Education Ministry said negotiations would resume Friday or Monday.

As government officials and unions blamed each other for the failure of the talks Wednesday night, students blocked streets in Barcelona and demonstrated in Valencia. Thousands boycotted classes and five went on a hunger strike in Alicante. In the Canary Islands, 15 youths who disrupted traffic were handed over to a judge who is to decide

whether they will be charged. The students are demanding social benefits and free access to universities.

A spokesman for the Education Ministry said the main stumbling block again had been the student demand for free university access. He said this was not negotiable as it would upset the education system. Mr. Maravall has offered to spend an extra \$155 million on state education this year but has rejected as unrealistic demands for a salary to be paid to students from families earning less than \$1,150 a month. However, the students have rejected the government proposal.

U.S. Handling of Espionage Is Faulted

By Joel Brinkley

New York Times Service

WASHINGTON — The House intelligence committee has said that an investigation has uncovered "dangerous laxity" and serious "security failures" in the government's system of catching spies.

Even though 27 Americans have been charged with espionage in the last two years, and all but one of those brought to trial has been found guilty, the committee said in a report that it still found "a puzzling, almost nonchalant attitude toward recent espionage cases on the part of some senior U.S. intelligence officials."

The 18-month committee investigation that resulted in the unusual, highly critical public report issued Wednesday was prompted by the spate of espionage cases beginning in the spring of 1985. Then, John A. Walker Jr., his son, his

brother and a friend all were arrested on charges of spying for the Soviet Union.

At the time, American officials said the Walker spy ring, centered in the U.S. Navy, had been the most damaging in American history, and officials said it would cost billions of dollars to replace equipment, procedures and personnel to compensate for the secrets given away to the Soviet Union.

As a result, the Reagan administration undertook a major public program to overhaul the counterintelligence apparatus. Even though the Democratic-controlled House intelligence panel said it "applauds these efforts," the report says the committee still found "serious security deficiencies" and "manifest failures" that were results of major problems in the system rather than "mere aberrations in the system or unavoidable risks."

Kathy Pherson, a spokeswoman for the Central Intelligence Agency, had no immediate comment on the report and said she doubted the agency would make any public comment on it.

The report said: "Any one of the weaknesses identified by the com-

mittee, taken alone, would be of concern. What has emerged is a pattern that causes deep dismay about the way U.S. intelligence is managed."

The investigation found "faulty hiring practices, poor management" and "See SPIES, Page 2"

Sakharov Meets In Moscow With Ex-U.S. Officials

MOSCOW — Andrei D. Sakharov, the Soviet physicist and dissident, held talks Thursday with a group of American political figures including Henry A. Kissinger, one day after the group met with Mikhail S. Gorbachev, the Soviet leader.

Mr. Sakharov greeted Mr. Kissinger, a former U.S. secretary of state; Cyrus R. Vance, who was secretary of state under President Jimmy Carter; James J. Kirkpatrick, the former chief U.S. representative to the United Nations; and others at his Moscow apartment.

The Americans are in Moscow under the auspices of the New York-based Council on Foreign Relations, a private organization. They arrived Sunday in Moscow at the invitation of the Soviet Institute for the Study of the U.S.A. and Canada.

Mr. Kissinger's program has included separate talks with President Andrei A. Gromyko and Anatoli F. Dobrynin, the former ambassador to Washington.

[Mr. Gorbachev, in a wide-ranging, three-hour meeting with Mr. Kissinger and other members of the group Wednesday, asserted that some forces in the United States profit from anti-Soviet "hostility" and from sowing hatred toward the Soviet people. The Washington Post reported.]

Before greeting Mr. Kissinger, Mr. Sakharov said he would return briefly in mid-March to the city of Gorky, about 250 miles (370 kilometers) east of Moscow, where he was banished without trial in January 1980 and spent almost seven years in internal exile before his release last December.

"We have left some of our belongings there," he said, indicating that his wife, Yelena S. Bonner, would also return to Gorky with him. "I would like to do some work in the quiet there," Mr. Sakharov added.

Greeting Mrs. Kirkpatrick, Mr. Sakharov thanked her for her efforts at the United Nations to secure his release from Gorky. Preparing to meet Mr. Kissinger, Mr. Sakharov said he had read the former secretary of state's memoirs of his period in office.

Mr. Kissinger later called his first encounter with the fellow recipient of the Nobel Peace Prize "very moving."

Mr. Kissinger was awarded the prize in 1973 along with the North Vietnamese official Le Duc Tho for his role in the Paris negotiations designed to achieve a settlement of the Vietnam War.

Mr. Sakharov, the most eminent member of the Soviet dissident movement in the 1970s, was granted the prize in 1975 for his actions to promote disarmament and fight human rights abuses in the Soviet Union.

■ Gorbachev Cites 'Hostility' Gary Lee of The Washington Post reported earlier.

Mr. Gorbachev gave a negative assessment Wednesday of the See MOSCOW, Page 2



Andrei D. Sakharov, right, the Soviet dissident physicist, meets Henry A. Kissinger, left, the former U.S. secretary of state in Moscow on Thursday night before they held talks.

Paris Warned to 'Tiptoe Out' of Chad

Gadhafi Says 'People's War' Will Overwhelm the French

By Marie Joannidis

Agence France-Press

SIRTE, Libya — Libya's leader, Colonel Muammar Gadhafi, has warned France to "tiptoe out" of Chad to escape the wrath of a "people's war" that he said was looming.

"I know that Chadians will be involved in a serious conflict between them and that conflict will greatly affect French troops in Chad," Colonel Gadhafi said in an interview Wednesday evening.

Speaking to two Western reporters at a barracks about 180 miles (290 kilometers) east of Tripoli, he said that "the confrontation will not be between Libyans and French," who are backing opposing sides in the Chad conflict.

It would be, he said, "a sort of people's war by Chadians against the French Army." He said French troops supporting the government of Hissene Habre would be attacked by people appearing "at any

Chadian spot, in Nijamena or even under the earth."

Colonel Gadhafi said that Mr. Habre, emboldened by U.S. and French military aid to call for an attack on the disputed Aouzou strip, threatened Libya's border.

Libya has held the border strip for a number of years, and is alleged by Nijamena to be trying to annex the whole of the north of Chad, a former French colony.

Colonel Gadhafi called allegations by Nijamena that he had thousands of troops in northern Chad and that he had bombed Chadian communities "vulgar and devoid of any basis." But he warned that if there was an attack on the Aouzou strip, "there will be an open conflict, regardless of the 16th parallel."

But since December, Nijamena's troops have been fighting north of the line alongside supporters of Mr. Goukouni, who turned against the Libyans, inflicting reverses on Colonel Gadhafi's forces.

France has said its 1,400 troops in Chad would help defend against attacks south of the line.

Colonel Gadhafi said France should help Africans with economic aid and "not with cannon and tanks," and invited his "French friends" to "tiptoe away" from a conflict that could last "forever."

The Libyan leader refused to comment on other subjects.

■ Libya Buildup Is Reported

The French minister for external relations, Jean-Bernard Raimond, said Thursday that Libya had massed new troops in northern Chad, Reuters reported from Paris.

Soviets Said To Be Ready To Free More Dissidents

By Bill Keller

New York Times Service

MOSCOW — Several imprisoned Soviet dissidents have recently been transferred to prisons near their homes in what human-rights advocates and diplomats say may be the first stage of a widespread release.

Yelena G. Bonner, a rights advocate and the wife of Andrei D. Sakharov, the dissident physicist, said Wednesday that she had heard that six prisoners had been freed and that some family members had been told they would be freed.

"Something is happening, we think, we hope, but we are not certain," Mrs. Bonner said.

Western diplomats said they had heard of 10 or 15 cases in which prisoners had been told that their cases were being reexamined or that families had been encouraged to appeal for pardons.

The mothers of two prisoners, Aleksei Smirnov and Mikhail S. Rivkin, said their sons, who were serving prison sentences in Chistopol in the Tatar Republic for involvement in underground journals, had been moved to Lefortovo prison in Moscow.

The two women said their sons had been offered freedom in exchange for an agreement to sign some sort of statement with unspecified content.

Mr. Rivkin's mother, Inna Golubovskaya, said she had been told by prison officials that her son had signed a statement and would be released within two weeks. She said she had been told that he would be permitted to live and work in Moscow.

Mr. Smirnov's mother, Yelena Kosterina, said her son had been told he would be set free if he signed a statement acknowledging past wrongdoing, but would be returned to Chistopol if he refused.

Mr. Rivkin, 32, was part of a group of young Muscovites who published a clandestine journal that criticized Soviet policy from the point of view of the Western European bloc. Mr. Smirnov, 36, contributed to two other underground human-rights journals, the Chronicle of Current Events and Vesti.

The reports of prisoner transfers come a week after the news that two human-rights advocates, Anatoli Koryagin and Sergei Khodorovich, had been promised their freedom if they agreed to emigrate. It is not certain whether they will do so.

Western diplomats said the developments seemed to confirm statements of officials that the government was systematically reviewing cases involving subversive activities.

"It may be that we have had a high-level decision to start releasing prisoners, and now we are seeing it trickle down to the Interior Ministry and labor camp administrators," a diplomat said. "I think they are going to let some people out, but I wonder how many and under what conditions."

Mrs. Bonner said other prisoners reportedly moved to their hometowns were Valeri A. Senderov of Moscow, who was arrested in 1982 for trying to organize an independent trade union, and Genrikh O. Altunyan and Yevgeni M. Antsupov of Khar'kov, who were serving sentences for statements critical of Soviet authority.

According to Mrs. Bonner and Mr. Sakharov, one and possibly both of two Georgian brothers imprisoned for dissident activities — Tengis and Eduard Gudava — have been transferred to Tbilisi, the Georgian capital.

Five of the prisoners were among 14 men on whose behalf Mr. Sakharov appealed to Mikhail S. Gorbachev, the Soviet leader. They are Mr. Koryagin, Mr. Khodorovich, Mr. Smirnov, Mr. Altunyan and Mr. Rivkin. A sixth on the list, Serafim Yevsyukov, was released from a psychiatric hospital on Jan. 24.

Mr. Koryagin, one of the two subject to deportation, is a psychiatrist imprisoned for his efforts to expose the abuse of mental hospitals. He was reported Wednesday to have been moved to Khar'kov.

LATE NEWS

2 Soviets Start Space Mission

MOSCOW (Reuters) — Two Soviet cosmonauts were launched into space Friday on a mission to the orbiting space station Mir, and Western specialists said that they expected the cosmonauts to try to break the record for the longest flight in space.

Yuri Romanenko, the commander, and Alexander Laveikin, the engineer, took off in their Soyuz TM-2 vehicle early Friday morning.

State television transmitted a live broadcast of the lift-off from the Baikonur cosmodrome in the Central Asian republic of Kazakhstan. The mission was the second to Mir, which was launched in February 1986 and is to become the heart of the world's first permanently manned space station.

INSIDE TODAY

GENERAL NEWS

■ It was hard to make fun of Liberman because he made fun of himself. Page 3.

■ The U.S. plans to request a South Pacific Forum for a nuclear-free zone. Page 3.

BUSINESS/FINANCE

■ French TV channel TF1 will be sold by the government for 4.5 billion francs. Page 11.

Printers End Once a Cowtown, Now Trendy Place, Fort Worth Is Puzzled by 'In' Status

By Peter Applebome

New York Times Service

FORT WORTH, Texas — Steve Fisher is not a regular reader of W, the New York-based international fashion and society publication, so he was unaware that it recently included Fort Worth in its much-followed annual list of "in" places, people and things.

He was not dazzled when informed of the honor.

"In where?" asked Mr. Fisher, who sells used cars at Cowtown Motors here.

It's a good question. But trendiness can work in strange ways.

Fort Worth missed most of the economic and public relations benefits of the Texas economic boom, but while the rest of the state has cooled off, these are relatively heady times in a town that traditionally has been content to go by the nickname of Cowtown.

Fort Worth has acquired enormous political clout. It is the home of Jim Wright, the new Democratic speaker of the U.S. House of Representatives, and Gib Lewis, the speaker of the Texas House of Representatives.

Anne Bass, wife of the oil and financial magnate Sid Bass and a local leader in the arts, has become the talk of the W crowd.

A plan to revitalize the city's historic stockyards may finally be getting off the ground.

Van Cliburn, the pianist whose quadrennial competition is held in Fort Worth, recently moved back from New York.

Fort Worth, which has a population of about 425,000, has always been torn between its origins as an unpromising cattle town and the nagging feeling that it should be competing with Dallas.

Its heritage as a cattle town is most conspicuously on display at this time of year, when the city is transfixed by the 91st annual Fort Worth Fat Stock Show and Rodeo.

The event is expected to bring in about 740,000 people before it closes Sunday.

The mix of Old West and rich culture has become the city's best selling point.

"Fort Worth has always had a sense of history and its own roots," said Edmund Pillsbury, director of Fort Worth's Kimbell Art Museum.

He recently turned down the position of director of the National Gallery in London.

"Fort Worth has a lot of contradictions," Mr. Pillsbury said. "It's a blue-collar town, but it has a small group of people of enormous wealth."

"It's a well-kept secret, but people here like that. It's not smugness. People here aren't interested in trends. They're not interested in being in."

It has always been better at the former than the latter.

One of Fort Worth's earliest marketing ventures was to spend \$100,000 in 1889 on the Spring Palace, an unusual edifice that one local booster modestly called "easily the most beautiful structure ever erected on earth."

Every inch of the structure was covered with Texas flora, such as wheat, corn, cactuses and Johnson grass.

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Ulf Karlsson, left, will take charge of the investigation into the murder of Prime Minister Olof Palme of Sweden, replacing Hans Holmer, the police chief who ran it nearly a year.

Sweden Assigns New Investigators In Yearlong Hunt for Palme's Killer

STOCKHOLM — The Swedish government assigned new leaders on Thursday to the unsuccessful hunt for the killer of Prime Minister Olof Palme, replacing Hans Holmer, the police chief who had led the investigation for nearly a year.

The state prosecutor, Magnus Sjöberg, and the national police commissioner, Holger Romander, took over responsibility for the investigation.

The chief prosecutor, Claes Zeime, who had disagreed publicly with Mr. Holmer's tactics, was also removed.

The decision followed days of public quarrels between the police and prosecutors on how to continue the search for the assassin and a government order for the feud to be ended.

Mr. Palme, a four-term Socialist prime minister, was shot in the back and killed Feb. 28 as he was

walking home unguarded in central Stockholm.

The deputy state prosecutor, Axel Morath, was named to direct the work of the 140 men of the task force. Ulf Karlsson, a aide to Commissioner Romander, was expected to lead the actual police work.

The investigation was seen as something of a national disgrace. One editorial termed it a "grotesque spectacle," surpassing anything written by Jonathan Swift.

Prime Minister Ingvar Carlsson said Wednesday that there had been "no damage yet" to the investigation. But he added, "If the investigation had continued the investigation could have been paralyzed."

Mr. Carlsson had been reluctant to break a government tradition of not interfering in the work of police and prosecutors.

Mr. Holmer, 57, who came to embody the manhunt, has been assigned to a consultative group.

The Swedish news media focused

its reporting of the crisis on the fate of Mr. Holmer, who was named Sweden of the Year for 1986 by national television and who has remained popular in spite of his failure to catch the killer.

He and Mr. Zeime clashed over the police chief's insistence on concentrating the search on a small group of leftist Kurdish circles, the Kurdish Workers Party.

Mr. Holmer for months staked his reputation on a "main lead" — the Kurdish connection — of which he said he was "95 percent certain."

The investigation crisis deepened last month after a failed roundup of 20 people, including 12 Kurds. Of the 20, the police said three were suspected in the Palme slaying, but then the three were released the same day for lack of evidence.

Mr. Sjöberg said Wednesday night that the Kurdish lead "will be considered in the same way as other possible leads."

New Evidence Reported On Iran-Contra 'Overlap'

By Charles Babcock and Walter Pincus
Washington Post Service

WASHINGTON — The House select committee investigating the Iran-contra affair and Sen. E. Walsh, the independent counsel, have started taking depositions and issuing subpoenas for documents on scores of individuals and corporations involved in the affair, according to sources.

The initial returns, one congressional source said Wednesday, show an "overlap" between the U.S. arms sales to Iran and the support operation for anti-Sandinista Nicaraguan rebels "beyond what we expected."

Many of those subpoenaed and interviewed in the initial phase of the inquiry by the House investigators and special prosecutor are companies and individuals that have been publicly associated with activities of Major General Richard V. Secord, the retired U.S. Air Force officer who has been linked to both the Iran arms sales and the operation to supply the Nicaraguan rebels, known as Contras.

General Secord did not testify before the intelligence panels of the Senate and House of Representatives, involving instead the Fifth Amendment protection under the U.S. Constitution against self-incrimination. Individuals who worked for or with him "have been more forthcoming," one source said Wednesday.

The chairman of the House committee, Representative Lee H. Hamilton, Democrat of Indiana, said Wednesday that he did not expect to be ready for public hearings before March.

Mr. Walsh could not be reached for comment but was understood to be asking several potential witnesses to produce documents on their dealings since 1984 with more than 50 companies and about 35 people.

The House committee has begun sending out the first of what are expected to be hundreds of subpoenas and taking depositions from individuals described by one source as being "on the fringe" of the investigation.

■ **Egypt Denies Involvement**

The Egyptian information minister has denied a report in The New York Times that Egypt guaranteed money and offered planes in 1985 to private dealers trying to ship 39 American-made F-4 fighters to Iran. The Times reported from New York.

"This is a sheer fabrication," the official, Safwat al-Sharif, said Tuesday. "It is groundless and bare of any grain of truth."

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Gerald F. Seib
U.S. Reporter Sent Out of Iran

TEHRAN — Gerald F. Seib, the American journalist, ordered expelled from Iran after being detained on charges of spying, was being flown to Frankfurt, diplomats said Thursday night.

[In Tehran, the South-North News Service reported that Mr. Seib was taking a Lufthansa flight that would arrive at 6:30 A.M. in Frankfurt. Officials in Frankfurt confirmed that Mr. Seib was expected to arrive there Friday.]

The diplomats said they understood that Mr. Seib, a Cairo-based correspondent for The Wall Street Journal, had been freed from detention.

Mr. Seib, who was arrested Saturday, was accused of spying for Israel. Prime Minister Mir Hussein Mousavi of Iran said he had been found "collecting abnormal information" at the war front, where he had been invited by Iran along with about 50 other Western journalists.

Preschool Sexism Banned in Israel

JERUSALEM — The Israeli Education Ministry has banned sexism in nursery schools, instructing teachers on Thursday to stop reading stories to children that depict girls as "weak, passive or waiting for a boy to rescue them."

Ministry directives published in the newspaper Ha'aretz also advised preschool teachers not to tell fearful boys that they "cry like girls."

Shimon Shoshani, director-general of the ministry, said the instructions were issued because it had become apparent that, in the Israeli school system, "girls, in all stages of education, achieve less than boys." He added: "The reasons are educational-social, not hereditary."

Mozambique's Economic Woes

Foreign Investment Is Discouraged by Rebel Activity

By Serge Schmemmann
New York Times Service

MAPUTO, Mozambique — The problem facing Mozambique's new president is hardly unfamiliar to a continent racked by insurgencies and instability. Put simply, it is that internal strife discourages foreign investment, but the lack of investment deepens the instability on which the insurgents feed.

"Some would say that terrorism does not allow development," President Joaquim Chissano said in an interview. "But development is a fight against terrorism."

"The United States and others cannot just cross their arms and say we can't help Mozambique because of terrorism," he said. "They have to get rid of terrorism, and development would contribute to its decrease."

What Mr. Chissano refers to as terrorism is a brutal, wasting insurgency by the Mozambique National Resistance Movement.

The movement groups displaced Portuguese colonialists, opponents and defectors from the ruling Frelimo party, and a host of other Mozambicans who residents and foreigners say have found handouts a lucrative alternative to the grinding poverty of the countryside.

The rebel movement was backed by white-ruled Rhodesia until 1980, when that country became independent as black-ruled Zimbabwe. Since then, diplomats in the region say, the rebels have received their primary support from the South African military, often in contradiction to Pretoria's diplomatic assurances.

The rebels also maintain an office in Washington at the headquarters of the Heritage Foundation, a conservative group that supports the movement out of hostility to the Marxism professed by Frelimo.

The insurgents employ sabotage and terrorist tactics on a wider basis than the governing movement did in its own guerrilla struggle against the Portuguese. The conflict has effectively laid waste to the Mozambique economy, already



Joaquim Chissano

weakened by the flight of Portuguese at independence in 1975 and by the overly ambitious early policies of the Frelimo government.

The Frelimo army, ill-equipped and poorly trained, has proved incapable of coping with the guerrillas, who now hold much of central Mozambique. The plight of tens of thousands of peasants displaced by the war, as well as by drought in recent years, has brought extensive relief aid to Mozambique.

But investment has not followed. "We want development in Mozambique," Mr. Chissano said. "We cannot live all the time off charity."

The security crisis was the most immediate challenge Mr. Chissano inherited when he was named to succeed Samora Machel, the charismatic and dynamic Frelimo leader who died in a still-unexplained airplane crash just inside the South African border on Oct. 19.

Since then, Mr. Chissano, a soft-spoken, 47-year-old Frelimo veteran who once hoped to be a doctor,

has earned the respect of colleagues and diplomats for his quiet, unassuming style, honed through 12 years as foreign minister.

While maintaining Mr. Machel's policies of improving relations with the West and avoiding open conflict with South Africa, Mr. Chissano has eased conflicts that reportedly developed within Frelimo under his predecessor and has forged a more collegial leadership.

His agenda, however, has been dictated by the war.

Negotiations with the rebels, which had once been tried indirectly through South African mediation, are no longer an option, he said. "The problem first is to know who they are," Mr. Chissano said. "I know there is a commander — but he never showed up in the talks through South Africa. They preferred the Portuguese."

He said international support was increasing, not only from neighboring nations but from the West as well. Zimbabwe has sent about 6,000 soldiers to protect the oil pipeline and railroad from its border to the Mozambique port of Beira; Tanzania has provided some military transport in the north, and Britain has undertaken a training program for Frelimo soldiers.

"Western governments are recognizing that we are fighting terrorism, not just internal political strife," Mr. Chissano said.

Mozambique's relations with South Africa have been among the most complex of the region's black-ruled nations, in part because of Pretoria's support of the rebels and in part because of Mozambique's economic ties to South Africa, mostly through revenues from minerals who work there.

In 1984, in an attempt to win breathing room, Mr. Machel signed a ceasefire agreement with Pretoria, called the Nkomati accord. But both sides denounced it as a ruse to allow Mozambique and support for the rebels have continued, and foreign investment has not materialized.

Mr. Chissano also said he would continue efforts to improve relations with the United States.

WORLD BRIEFS

Car Bomb Kills 32 in Afghanistan

ISLAMABAD, Pakistan (Reuters) — A car bomb set off by Afghan rebels killed at least 32 persons and wounded several as it exploded in eastern Afghanistan on Wednesday night, an Afghan exile news service here reported Thursday.

Afghan Islamic Press, which is close to Pakistan-based Muslim guerrilla groups fighting the Soviet-backed government in Afghanistan, said the blast occurred outside a government communications office. It said the rebel group Hezb-e-Islami had claimed responsibility for the attack.

There was no immediate confirmation of the report. Afghan Islamic Press quoted travelers from the area as saying they saw 32 bodies and a number of wounded people at the site.

China Jails Advocate of Democracy

BEIJING (WP) — A Chinese journalist who advocated at a public meeting that the Communist Party be overthrown and replaced with a new party has been given a seven-year prison sentence.

China Legal News, the country's main newspaper covering legal cases, said Thursday that Liu De, 29, advocated "Westernization" and "democracy and freedom" of capitalist countries. It said a municipal court recently sentenced Mr. Liu on charges of "counter-revolutionary propaganda and instigation."

It did not appear from the newspaper's account that Mr. Liu's conviction was related to the recent student demonstrations in favor of democracy, but his conviction did coincide with the government-sponsored campaign against Western political ideas.

U.S. Aide Urges More Contra Money

WASHINGTON (AP) — Nicaragua's rebels can achieve a political victory against the Sandinista government within two to four years if military aid from the United States continues uninterrupted, a Reagan administration official told the Senate Foreign Relations Committee on Thursday.

The panel was hearing testimony on legislation to end all U.S. aid to the rebels known as the Contras, and to block \$40 million already approved. The official, Elliott Abrams, assistant secretary of state for inter-American affairs, said diplomatic efforts alone would not make the Sandinistas accept democratic change.

Meanwhile, a top contra leader said Wednesday that 6,000 rebels had infiltrated Nicaragua in the past two months and that this had enabled the insurgents to regain the initiative in their struggle to overthrow the Sandinistas. Adolfo Calero, leader of the United Nicaraguan Opposition, said the rebels had encircled only "random resistance" from the Nicaraguan Army.



Elliott Abrams

Man Bound, Slain in Northern Ireland

BELFAST (AP) — The body of a man with severe head injuries was found Thursday on a country road only yards from the border with the Irish Republic, police said.

Police and British Army units moved into the area near Keshbegane in County Armagh as army helicopters flew overhead searching for possible snipers. Army bomb-disposal experts were called in to examine the body. Inspector William Scott said the victim's hands were tied behind his back and his feet were bound. He was not immediately identified.

The British news service Press Association reported without attribution that the victim was believed to be a former associate of the imprisoned nationalist guerrilla figure, Dominic McGlinchey, whose wife was killed by gunmen Saturday at her home in the Irish Republic border town of Dundalk. Mr. McGlinchey, 32, is a former chief of the Irish National Liberation Army, a leftist offshoot of the Irish Republican Army.

For the Record

Small National Movement rebels have agreed to release 75 kidnapped French aid workers Friday or Saturday in eastern Ethiopia, diplomats said Thursday in Addis Ababa.

Justice Minister Kim Sang Ky of South Korea demanded Thursday the cancellation of rallies scheduled for Saturday to protest the death Jan. 14 of an activist student, Park Jong Chol, during police interrogation. Mr. Kim cited fears that the opposition would use the occasion to "agitate and incite the public, thereby creating social unrest."

The Bulgarian leader, Todor Zhivkov, met Thursday with the deputy U.S. secretary of state, John C. Whitbeck, in the highest-level visit to Sofia by a U.S. State Department official.

SPIES: U.S. Faulted for 'Laxity'

(Continued from Page 1)

questionably loyal employees," even though in recent years several foreign spies have "successfully" passed Central Intelligence Agency polygraph exams.

Even when espionage is suspected, the various intelligence agencies such as the CIA and the National Security Agency fail to cooperate with each other to limit damage.

Too many people are given clearance to confidential information, and then they are allowed to see far more sensitive information than they need for their jobs.

Once an employee is cleared to handle confidential information, the employee is seldom rechecked. The committee found the case of Edward Lee Howard, a former officer of the CIA who applied for the Soviet Union and now lives in Moscow, particularly distressing.

Even though he "betrayed the most sensitive operations of the United States in Moscow," when his activities were discovered after the agency dismissed him for other problems in 1983, Mr. Howard was allowed to slip away while under surveillance by the Federal Bureau of Investigation.

Background investigations of people being considered for sensitive positions are so superficial that they "often do not discover alcohol, drug and financial problems." Intelligence agencies display "a their hiring practices" in "their hiring practices."

Intelligence officials view employees who have passed polygraph examinations as "an elite of un-

MOSCOW: Sakharov Meeting

(Continued from Page 1)

course of U.S.-Soviet relations, according to remarks released by the official press agency Tass.

"The way these relations are taking shape so far is unworthy of the great nations," Tass quoted Mr. Gorbachev as saying.

But he also told the group of Americans that the U.S.-Soviet relationship is "still at the crossroads," adding that "we must turn the will and strength to turn it around."

He added: "In America — and this cannot be denied — there are forces to which hostility is profitable, which need the U.S.S.R. to have the 'enemy image' and which use high-powered information media to sow hatred toward the Soviet people."

Mr. Kissinger later called the meeting with Mr. Gorbachev "very good" and "constructive."

In contrast to previous meetings with Americans, Mr. Gorbachev encouraged an exchange of opinions, according to several members of the group. The Soviet leader appeared more interested in brain-

storming than expounding new policy interests, they said.

Mr. Gorbachev engaged the group in an active discussion, "several members of the group said privately Wednesday night. His remarks included harsh attacks on the policies of Mr. Carter, they added.

Mr. Gorbachev also used the meeting to call for stronger U.S.-Soviet ties in economic, scientific and cultural relations and "human contacts," according to Tass. The Soviet leader also said U.S.-Soviet arms accords are "possible."

"We should work without wasting time on the whole gamut of the problems," he said, adding that the two nations should "move to each other half way and demonstrate readiness for give and take."

"Reykjavik, too, was not a setback," Mr. Gorbachev said in reference to the meeting he held with President Ronald Reagan in Iceland in October, "but another point reached in approaching the problems of disarmament."

STRIKE: Murdoch Protest Ending

(Continued from Page 1)

officers charged the crowd, riding down people in their path.

Brenda Dean, general secretary of the Society of Graphic and Allied Trades union, said the union had made its decision to avoid having its funds seized by the courts.

"The dispute is off but we have negotiated over the phone through our lawyers this afternoon with the company that the compensation, redundancy payments for our people, is back on the table," she said.

Union officials said the union made its decision on the advice of its lawyers, who said that continuing the picketing would endanger its existence.

The union had already paid out £2 million (\$3 million) in fines and damages and was facing new contempt of court proceedings for allegedly violating a court order banning the pickets.

The National Graphical Association executive board was due to meet Saturday to discuss its plans.

Corin Inmates Burn Building

CORFU, Greece — Inmates burned down the main building at Corfu's central prison Thursday in a riot staged to demand better conditions, authorities said. At least two prisoners were injured.



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Reagan Veto Override Need Not Be Signal of Trend, Legislators Say

The Associated Press
WASHINGTON — Lawmakers who led the override of President Ronald Reagan's veto of a popular water-cleanup bill say that the override, Mr. Reagan's first defeat in the 100th Congress, does not necessarily signal more big legislative losses for the president.

"I don't think this vote was indicative of anything for the future," Senator John H. Chafee, Republican of Rhode Island, said Wednesday after the Senate voted 86-14 to override the veto of the \$20 billion clean-water bill.

The Senate action, which was 20 votes short of what was needed to save the veto, came a day after scores of House Republicans ignored Mr. Reagan's plea for party unity on a bill he said was too expensive. The House override was 401-26.

Sensors George J. Mitchell, Democrat of Maine, and Robert T. Stafford, Republican of Vermont, said they agreed with Mr. Chafee's judgment that the action meant only that the president had made a mistake on a bill with deep bipartisan support.

"I think this vote was somewhat unique," said Mr. Stafford. Mr. Mitchell said the veto was "a foolish gesture. It was a self-inflicted wound, an unwise action, the wrong issue at the wrong time."

Mr. Mitchell said he feared that the override would be interpreted as a sign that the president was a legislative lame duck in the final two years of his term. The override was only the seventh in 61 Reagan vetoes.

The White House reaction to the Senate move was brief: "We are disappointed," said a White House spokesman, Albert R. Brashear. "The president's position is clear. However, the Senate has spoken."

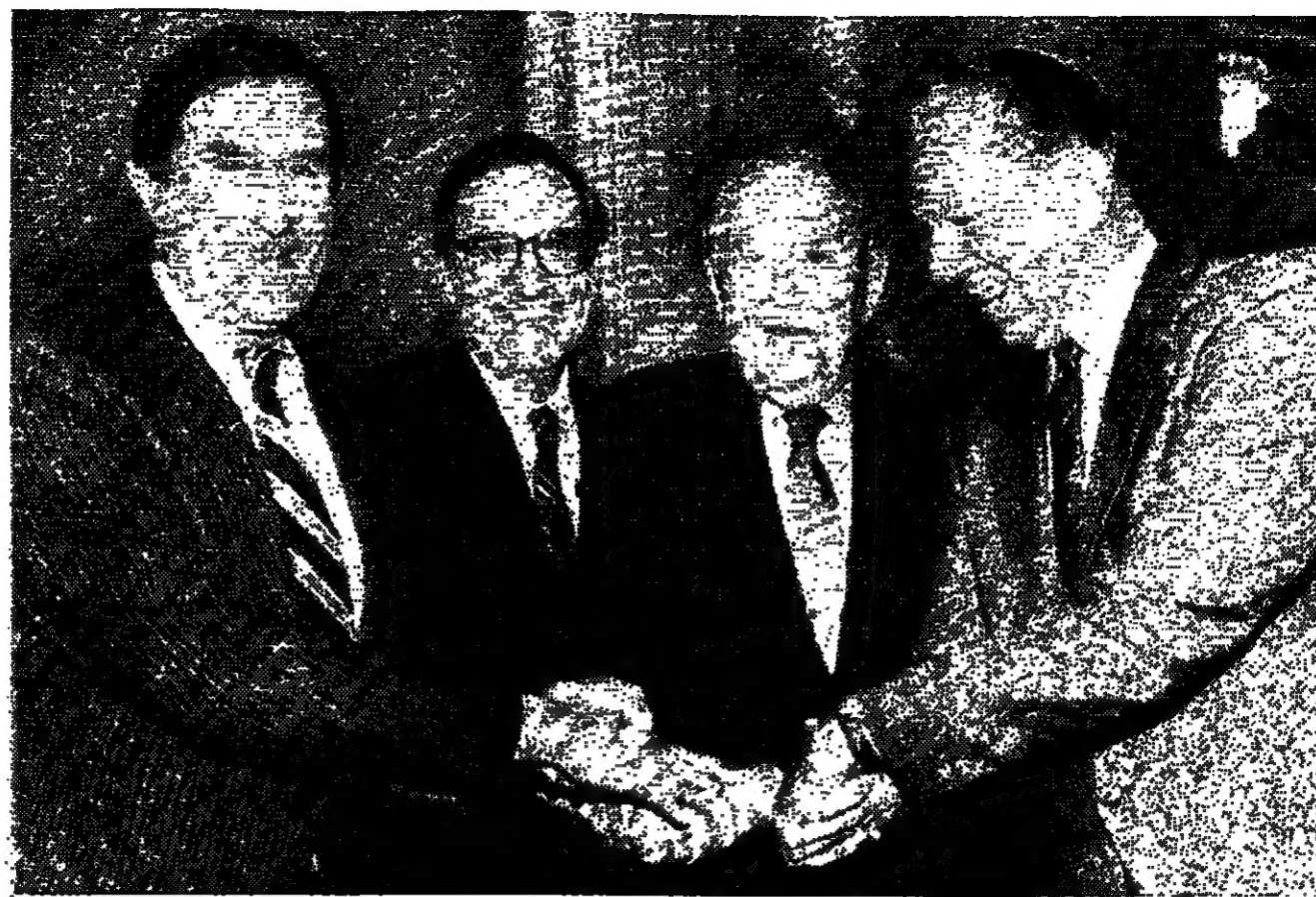
Environmental groups were ecstatic. Lawrence Downing, president of the Sierra Club, called the override "a triumph for the future of America's waters."

Sensors Chafee, Stafford and Mitchell said this environmental victory would not automatically lead to others.

"Clean air is going to be a much more controversial bill," Mr. Chafee said. Mr. Stafford noted that on Tuesday the Senate rejected an amendment to the highway bill that was aimed at ridding the landscape of billboards.

The water legislation, which became law with the override Wednesday, reauthorizes and strengthens the Water Quality Act of 1972, one of the nation's premier environmental laws.

At issue was the amount of federal money states would get through 1994 to help build wastewater and sewage-treatment plants. Mr. Reagan wanted it limited to \$12 billion. As passed, the bill provides \$18 billion.



Senators John H. Chafee, left, George J. Mitchell, Quentin N. Burdick and Robert T. Stafford celebrating the override.

Highway Bill Approved

Jonathan Fuhrbringer of The New York Times reported from Washington:

The Senate on Wednesday approved a \$65 billion highway and mass transit bill that could provoke the year's second veto confrontation between the White House and the Democratic Congress.

The four-year bill includes \$13 billion for mass transit programs, \$5 billion more than Mr. Reagan sought. The Senate approved the mass transit amendment on a voice vote Wednesday evening and

passed the entire bill 96-2, far more than the two-thirds needed to override a presidential veto.

The administration had said Mr. Reagan would veto the highway bill if the Senate added the \$13 billion mass transit program.

The money for mass transit cov-

ers operating subsidies for existing systems and grants for new construction.

The bill now goes to a House-Senate conference committee to work out differences between the Senate version and a House bill approved in January.

Last year, a dispute between New Zealand and the United States over the issue of nuclear-armed and nuclear-propelled vessels led to a rupture in treaty agreements between the two governments. New Zealand banned all nuclear-powered and nuclear-armed American vessels from making port calls.

As a result, Secretary of State George P. Shultz said the United States no longer would be bound by a defense treaty, signed 35 years, to come to the aid of New Zealand in the event it was attacked.

Although the regional nuclear-free zone treaty involves a different issue than the New Zealand matter, American officials said at the time that a principal concern was that other nations would catch the "nuclear fever."

The administration decision as conveyed to the governments involved was that the United States would not accept the protocols "at this time." The decision followed a debate in the administration, with some military officials urging an outright rejection. The wording of the decision was tempered somewhat to ease potential strains it might cause.

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Philippine Opponents of U.S. Bases To Push for Ban on Nuclear Weapons

By Michael Richardson
International Herald Tribune

MANILA — Opponents of U.S. military bases in the Philippines said Thursday that they would launch a new campaign to force the government of President Corason C. Aquino to ban American nuclear weapons from the country.

They maintain that the ban is part of the new Philippine Constitution approved by an overwhelming majority of voters on Monday.

Francisco Nemenzo Jr., a political science professor at the University of the Philippines, said the campaign would begin Feb. 13 with a motorcade of up to 100 cars going to the bases from Manila and demanding access to check whether nuclear weapons were inside.

A section in the new constitution's declaration of state policies reads: "The Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons in its territory."

Juan Ponce Enrile, a lawyer and former defense minister who was dismissed by Mrs. Aquino in November, said in an interview Tuesday that when the constitution was ratified, nuclear-armed vessels and aircraft would no longer be permitted entry into the Philippines and the bases would lose their value to the United States.

Mr. Enrile also was defense minister for more than 10 years under President Ferdinand E. Marcos.

Mr. Enrile said inclusion of the nuclear-free clause in the Constitution was "very dangerous."

It would, he believed, allow opponents of the U.S. military presence to apply pressure on the government to enforce the provision.

Stephen W. Bosworth, the U.S. ambassador to the Philippines, said in an interview with a Boston television station on Tuesday that U.S. access to the giant Subic Bay naval complex and Clark Air Base north of Manila was "very important" to American "ability to project and sustain conventional military force throughout the Pacific, the Indian Ocean and, indeed, up toward the Persian Gulf."

He said he did not think the nuclear-free clause in the constitution was likely to become an issue.

"Nor do I think that clause, in and of itself, is going to have any effect on our ability to operate here," he added.

But Western diplomatic sources said the treaty that came U.S. officials are concerned that the Aquino administration or a future government in Manila might face strong political pressure to apply the nuclear-free policy.

Mrs. Aquino has said she will observe the bases agreement with

the United States until it expires in 1991.

An Asian diplomat said he also felt the clause could create problems for the United States, which says bases in the Philippines play a key role in maintaining regional stability and countering growing Soviet military power in the area.

The United States neither confirms nor denies whether its ships and planes are carrying nuclear weapons.

When New Zealand banned nuclear-armed ships and planes from its ports and airfields last year, the United States ended nearly all military cooperation and withdrew its security guarantee under the ANZUS defense treaty.

Interviewed Sunday on U.S. television, Mrs. Aquino's executive secretary, Joker Arroyo, indicated that the Aquino administration intended to adopt the position of Japan, which does not question whether American warships and planes using its ports and airfields carry nuclear weapons.

Murder Trial Continues
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U.S. to Reject a Request By South Pacific Forum For Nuclear-Free Zone

By Neil A. Lewis
New York Times Service

WASHINGTON — The United States has decided to reject a request from a group of South Pacific nations to accept conditions to help make the region a nuclear-free zone, according to government and diplomatic officials.

The Reagan administration has been deliberating over whether to agree to a set of diplomatic protocols requested by the 13 nations that make up a loose grouping of countries called the South Pacific Forum, which includes Australia, New Zealand and 11 smaller island nations.

The treaty prohibits any testing, disposal or storage of nuclear weapons, but allows free passage of nuclear-armed warships.

It would not affect current American operations in the region, U.S. policy makers said Wednesday. But the treaty nonetheless would have significant symbolic import both to the administration and to the South Pacific governments.

Last year, a dispute between New Zealand and the United States over the issue of nuclear-armed and nuclear-propelled vessels led to a rupture in treaty agreements between the two governments. New Zealand banned all nuclear-powered and nuclear-armed American vessels from making port calls.

As a result, Secretary of State George P. Shultz said the United States no longer would be bound by a defense treaty, signed 35 years, to come to the aid of New Zealand in the event it was attacked.

Although the regional nuclear-free zone treaty involves a different issue than the New Zealand matter, American officials said at the time that a principal concern was that other nations would catch the "nuclear fever."

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On Wednesday the Australian foreign minister, Bill Hayden, criticized the American decision, saying the treaty did not compromise Western security interests. Mr. Hayden said the United States should not take the Pacific nations for granted. Australia had made great efforts to obtain Washington's compliance, according to diplomatic officials.

Representative Stephen J. Solarz, Democrat of New York and chairman of the House foreign affairs subcommittee on Asian and Pacific affairs, said it was a mistake for the administration to reject the protocols.

"It provides the Soviets with a serious propaganda bonanza in the South Pacific," he said. "It will dismay our friends in the region. It does not provide any obstacle to anything we do now, and would have been a way for us to demonstrate our sensitivity on the nuclear issue."

In addition to Australia and New Zealand, the group includes Western Samoa, Tuvalu, Niue, Fiji, the Cook Islands, Kiribati, Tonga, Papua New Guinea, Vanuatu, Nauru and the Solomon Islands.

The nations involved sent emissaries to the United States, Britain and France to ask their cooperation. Britain has not yet said what it would do. France, which conducts nuclear tests in the South Pacific, has sharply rejected the protocols.

**U.S. Navy Accuses Clerk
In Philippines of Spying**
The Associated Press

SAN DIEGO — Michael H. Allen, 53, a civilian clerk at the U.S. Navy's Cebu Point telecommunications center in the Philippines, will face a general court-martial on charges of selling classified information to foreign officials, a navy spokesman said Wednesday.

Mr. Allen, who was arrested in the Philippines on Dec. 4, faces the maximum punishment of life in prison on the allegations of espionage, which the navy contends took place from April 1984 to December 1986. Although he retired from the navy in 1972, Mr. Allen can be tried by court-martial because of his prior military status.

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Liberace on stage in Las Vegas.

As a Pianist, He Outshone the Rest Liberace's Glittery and Facile Style Charmed Millions

By James Barron
New York Times Service

NEW YORK — It was hard to make fun of Liberace because he seemed to have so much fun making fun of himself. With his million-dollar smile, his feisty, feathery jeweled costumes and his unique polyester blend of Beethoven and the "Bear Barrel Polka," Liberace charmed millions with a flashiness that was too much to be believed.

The 67-year-old entertainer known as the "king of glitter" died Wednesday of what his doctor said was a heart ailment complicated by anemia and emphysema.

Although the critics scorned him, Liberace's audiences in the United States and abroad loved what he called his "Reader's Digest" versions of familiar melodies. Liberace whipped through Chopin's "Minute Waltz" in 37 seconds and Tchaikovsky's Piano Concerto No. 1 in four minutes. His secret, he said, was "cutting out the dull parts."

Because his health was deteriorating, Liberace had canceled all performances scheduled for 1987. But he remained a hot ticket. When Liberace played at New York's Radio City Music Hall in 1985, more than 103,000 people bought tickets for his 17-day engagement. It was a ticket sales record for Radio City.

The show opened with the pianist stepping out of a giant Fabergé-style egg, descending a staircase and handing his outer garment to the chauffeur of a Rolls-Royce limousine that had been driven on stage. Later a giant screen showed his hands while Liberace described his rings, which included a grand piano of diamonds on his left hand and a diamond candelabra — a Liberace trademark — on his right.

Liberace realized early that clothes make the man. When he played the Hollywood Bowl in 1952, he put on a set of white tails "so they could see me in the back row." He added a gold lame jacket in Las Vegas. "Wow!" he said later. "They crawled out of the woodwork when they saw it. What started as a gag became a trademark."

Liberace's wardrobe eventually filled racks after rack in his mansions and included a silver plum lamé cape with an 8-foot (2.4-meter) train of pink feathers and a sequined drum major's uniform, complete with hot pants.

Neither age nor scandal dimmed his popularity. In 1982, Scott Thorson, 27, who had been his chauffeur, bodyguard and companion for five years, filed a \$115 million lawsuit in Los Angeles Superior Court after Liber-

ace ejected him from his Beverly Hills penthouse.

The suit was settled for \$95,000 on Jan. 7 after the court dismissed Mr. Thorson's claims that he had a contract to provide sexual and other services.

Liberace vigorously denied published reports he was homosexual, and his lawyers denied a recent report by a Las Vegas newspaper that he was suffering from acquired immune deficiency syndrome. His personal manager attributed his ailments to a weight-loss diet in which he ate only watermelon.

Liberace, who was born Wladziu Valentino Liberace in Wisconsin, had many talents that the public never knew about. He liked to cook and grow orchids, and once worked up such enthusiasm for the Minnesota Lakers basketball team that he hand-painted ties for the players. He was also an inventor, with a patent on a disappearing toilet.

His home, also in Las Vegas, began as an unimpressive bungalow and grew to an estimated cost of \$4 million into a block-long palace with a swimming pool and computerized "dancing waters." As the pianist lay on his huge white bed, he could stare at a \$50,000 imitation of the Sistine Chapel ceiling. In the center, surrounded by cherubs, is Liberace's smiling face.

Mr. Enrile also was defense minister for more than 10 years under President Ferdinand E. Marcos.

Mr. Enrile said inclusion of the nuclear-free clause in the Constitution was "very dangerous."

It would, he believed, allow opponents of the U.S. military presence to apply pressure on the government to enforce the provision.

Stephen W. Bosworth, the U.S. ambassador to the Philippines, said in an interview with a Boston television station on Tuesday that U.S. access to the giant Subic Bay naval complex and Clark Air Base north of Manila was "very important" to American "ability to project and sustain conventional military force throughout the Pacific, the Indian Ocean and, indeed, up toward the Persian Gulf."

He said he did not think the nuclear-free clause in the constitution was likely to become an issue.

"Nor do I think that clause, in and of itself, is going to have any effect on our ability to operate here," he added.

But Western diplomatic sources said the treaty that came U.S. officials are concerned that the Aquino administration or a future government in Manila might face strong political pressure to apply the nuclear-free policy.

Mrs. Aquino has said she will observe the bases agreement with

the United States until it expires in 1991.

An Asian diplomat said he also felt the clause could create problems for the United States, which says bases in the Philippines play a key role in maintaining regional stability and countering growing Soviet military power in the area.

The United States neither confirms nor denies whether its ships and planes are carrying nuclear weapons.

When New Zealand banned nuclear-armed ships and planes from its ports and airfields last year, the United States ended nearly all military cooperation and withdrew its security guarantee under the ANZUS defense treaty.

Interviewed Sunday on U.S. television, Mrs. Aquino's executive secretary, Joker Arroyo, indicated that the Aquino administration intended to adopt the position of Japan, which does not question whether American warships and planes using its ports and airfields carry nuclear weapons.

Murder Trial Continues
A general and 21 soldiers refused to plead Thursday when arraigned

for retrial in the 1983 murder of Mrs. Aquino's husband, Benigno, Renteros reported from Manila.

AIDS Cases Rising Among Catholic Clergy

By Robert Lindsey
New York Times Service

SAN FRANCISCO — Some Roman Catholic officials have begun to acknowledge reports from doctors, social workers and others that members of the Catholic clergy, like Americans in other sectors of society, are suffering and dying from AIDS.

Because many victims of AIDS have tried to hide the nature of their illness, and because of what some contend is a reluctance by church officials to acknowledge its existence among those who have taken vows of celibacy, it is not known how many priests and nuns have been diagnosed as having AIDS, or acquired immune deficiency syndrome.

AIDS is usually transmitted by sexual or intravenous exchange of body fluids. No one has been known to recover.

Some people in the church say it

has caused the deaths of at least a dozen priests and suggest the number could be substantially higher. Church spokesmen say that whatever the number, it is only a fraction of the more than 57,000 Catholic clergymen in the United States.

While it is impossible to document the scope of the problem, physicians, churchmen and social workers in several cities around the country said the number of Catholic clergymen affected by AIDS was on the rise, raising new questions about the integrity of the church's requirement of priestly celibacy.

The Reverend James Lynch, a priest assigned by the archdiocese of New York to counsel AIDS patients, said an undetermined number of Catholic clergymen had probably died from the disease without notice because they, like men in other professions, had been able to conceal the nature of their illness.

According to AIDS researchers, the disease is most commonly transmitted in sexual relations between homosexuals men.

AIDS has affected a broad range of Americans, including rabbis, Episcopal priests, Baptist ministers and other clergymen, according to AIDS counselors here. But the increasing awareness that its victims include Catholic clergymen has posed a problem for the church because of the implication that some priests and brothers have not only broken their vows of celibacy but have also engaged in homosexual acts in violation of church laws.

According to people inside and outside the church, the church's reaction to the discovery that a priest or brother has AIDS has varied widely. They say many bishops and superiors of monastic orders have responded with compassion, while others have virtually driven AIDS patients out of the church.

OPINION

INTERNATIONAL
Herald Tribune
Published With The New York Times and The Washington Post**Bilateral Misbehavior**

Pleading the innocence of ignorance, Reagan administration officials blame Israel for luring them into the bizarre bazaar of Tehran and the international arms market. Professing loyalty to an ally, Israeli officials blame the Reagan administration for making them scapegoats. Who led whom into sin? The right answer is both. Here is a clear case of symbiotic seduction.

For years, Washington and Jerusalem have had reason to seek an Iranian opening. Both rated Iran as the premier strategic prize in the Middle East. Israel was moved also by the urgent hope of persuading Tehran to let Jews out of Iran and to help moderate the behavior of Shiites in Lebanon. These goals attracted perhaps the most diverse collection of arms merchants ever: Israeli, American, Saudi, Iranian, Egyptian, French, Canadian. Arms started flooding into Iran. Reports show a planned Israeli transaction worth \$50 million long before any talk of help from Washington. The New York Times has disclosed a billion-dollar deal, run by private individuals but with extensive official U.S. knowledge.

Before governments could get involved, however, they needed a policy fig leaf. Israel found its rationale in the curious idea of selling arms to Iran. Iranian moderates—as if arms intended for the war against Iraq could be so earmarked.

Robert McFarlane, President Reagan's former national security adviser, and other U.S. officials contend that they had to rely on Israel for this judgment because Washington lacked sufficient internal knowledge of Iran. Baloney. It had independent information all along from émigrés, various embassies in Iran and intelligence contacts. The "moderate" rationale sounded good in the White House, especially when linked to the idea of freeing American hostages and even more so at election time.

Then someone, perhaps Oliver North or an Israeli, thought up the contra connection. The Iranians were overcharged; the profits went to a Swiss bank account and then into the hands of arms merchants and the Nicaraguan rebels. Gimmicks for everyone. Who initiated the idea of selling U.S. arms to Iran? Of funneling profits to the contra? Perhaps no solid answers will ever emerge. But even if the Israelis promoted one or both ideas for their own reasons, the ideas fed on fertile ears in Washington.

Israel's role, and denial, have done little for its standing in the United States. What is worse is for present and former administration officials to try loading the blame on Israel. They mock their own maturity and damage relations with Israel and America's reputation in the world.

—THE NEW YORK TIMES

Fantasy and UN Frenzy

Efforts have been undertaken by and in behalf of the United Nations to spare it the treatment it expects to get in a forthcoming television show. The show, "America," is somebody's political fantasy in which UN peacekeeping forces police the United States at the behest of Soviet occupiers. The prospective showing of the fiction has been enough to send some officials and partisans of the United Nations into a frenzy of activity intended to prevent ABC from airing the show, to make the network alter the show's content and to induce it to put on some form of "counter-programming." The latest report, from Theodore Sorenson, the lawyer representing the United Nations, is that it has ruled out applying for an injunction to keep the show off the air but may seek legal redress for any misuse of its logo—the globe surrounded by an olive branch—or for any other defamation.

If we did not know all this to be happening, we would be inclined to think it was just another fantasy to go with the series. Is it even possible that the United Nations and its minions are claiming that grievous wrong is being done the institution in a fantasy television show and are threatening to bring various pressures and all sorts of legal guns to bear against the offending network? It seems to have escaped the United Nations' attention—as does so much else—that the proper use of law in a democratic society is to widen the openings

for speech, not to narrow them. The United Nations is here borrowing techniques of politicization and intimidation that have come to be associated with the organized censorship that goes on under the aegis of the UN cultural arm, UNESCO. Has any of this occurred to those who are responsible for leading the United Nations into this gross display of bad taste, hysteria and overkill? Not to speak of pettiness. Imagine: misuse of the logo. We had no idea things had become that bad.

On this question of fighting to establish public truth, by the way, and caring desperately about defamatory presentations, we find it poignant that the world organization that has, over the years, been an abject font of libel on certain questions ("200 million is racism," to take but one) is outraged at the falsity of its own depiction in a television show. We also think that this assault can only point up—and make the world organization look foolish on account of it—what an odd expense of anger and energy this is for an institution that has had so much trouble addressing the travesties and conflicts that have a true claim on its moral attention. There are worse aggressors than ABC that deserve to feel the sting of UN wrath. Would that high-minded defenders of the United Nations against the slanders of television could take the organization to court to make it quit Pol Pot.

—THE WASHINGTON POST

Letting Families Reunite

A relative now living in Boston visited Andrei Sakharov in Moscow recently. It would seem to be the most ordinary and unremarkable of events, but actually it marked an exception to the Soviet Union's regular policy of restricting, if not altogether denying, family visits in both directions across the Soviet border. This particular practice does not elicit the publicity and high feeling that attend other Soviet human rights violations. But it is an unnecessary bureaucratic cruelty that deeply pains members of the divided families.

In the Helsinki agreement of 1975, Moscow and the other signers pledged to "favorably consider" applications for family visits, the sort of travel that is routinely allowed in Soviet-controlled Eastern Europe. But the number of trips to and from the Soviet Union remains in the 1,000 range in each direction. The demand can only be guessed at, but it is a fact that many relatives were left behind by the quarter-million people who were permitted to emigrate

from the Soviet Union in the 1970s, and that millions of people in the United States and elsewhere in the West have their roots in countries now in the Soviet bloc.

The reason why the Kremlin limits family visits are no doubt the same dread, unacceptable suspicions and rigidities that dictate its human rights policies as a whole. Still, a Soviet regime that is ready, as Mikhail Gorbachev insists his regime is, for "new thinking" about official habits could scarcely find an easier way to light up a few lives. Family means something to Russians. Enforcing family separations is an old-fashioned Stalinist technique of manipulating people that a self-respecting modern Soviet government should not wish to rely on any longer. The matter is on the agenda of the current East-West human rights talks in Vienna. The Soviets should take it off the agenda by establishing that the visit of Andrei Sakharov's wife was not an exception but the new rule.

—THE WASHINGTON POST

Other Comment**Mandate for Aquino**

By an overwhelming majority, Philippine voters have expressed their support for the new constitution of President Corason Aquino. This is a triumph for constitutional democracy in a country where the population has had to live under a state of siege for almost two decades.

It is also a triumph for Mrs. Aquino herself. The referendum is a personal mandate for her presidency, which has never come under as much fire from both left and right as in the last few weeks. Now that an absolute majority has said "yes" to her constitution, and the way is open for multi-party elections in May and the re-establishment of the Congress, she has rid herself of a vulnerable spot. The referendum has given her government the legitimacy that the elections of last year could not furnish.

It is not encouraging that most of the "no" votes were registered in the military barracks in and around Manila, but the referendum has increased the chance that [Ferdinand] Marcos and the disaffected

military units will cease their subversive activities. Whether the Communist and Islamic rebels will see a reason to renew the dialogue with the government is uncertain.

—NRC Handelsblad (Rotterdam)

Though the Communists had sent out the word to vote "no," all signs are that many of their sympathizers voted "yes," largely to support Mrs. Aquino against the coup plotters and the Marcos threat. The Communist guerrillas now face an important decision. If fighting resumes after Feb. 7 (the end of the negotiated cease-fire), this would mean a success for the military, which has long maintained that it is impossible to negotiate with the Communists.

In such conditions, the difficulty of implementing social and political reform would be far greater. Mrs. Aquino needs redoubled solidarity from all democratic countries. Spain has deep historical links with the Philippines; our diplomats should make a major effort to encourage cooperation, bilaterally and through the EC.

—El País (Madrid)

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The Challenge to U.S. Strategy in the Pacific

By Robert O'Neill

LONDON — The growth of the Soviet Pacific fleet and of its basing system presents major challenges and problems to the shapers of U.S. and allied naval policies. The Western allies, an array of nations separated by two oceans, cannot afford to lose control of the sea in a conflict. Yet improvements in Soviet naval and air power raise questions about the West's ability to maintain control and about the credibility of its deterrent posture both in the Atlantic and in the Pacific.

Several remedies have been sought. The Reagan administration's naval construction program is the most direct response, but costs are outrunning resources at a time of increased fiscal stringency. The Soviets may prove better suited for the conduct of a long-term naval race, not because of greater economic strength but through a greater ability to maintain priorities for the sake of national security when the going gets tough.

Of course, sheer numbers of U.S. ships will not suffice to meet the Soviet challenge. They must be used in accordance with sound strategic concepts. The new U.S. naval strategy of forward deployment in time of crisis is intended to prevent the Soviet fleet from breaking out and attacking in mid-ocean. Weapons like the dual-capable (nuclear or conventional) Tomahawk cruise missile can enhance survivability, enabling ships to stay far from opposing forces. They also raise the risk to the Soviets in any attempted push outward.

But these remedies raise new problems for the United States and its allies. Dual-capable systems, particularly when combined with the new naval strategy, can reduce stability and complicate the control of escalation. And at a time when there is widespread debate on the problems of first use of nuclear weapons in the European theater,

some thought has to be given to these issues in the Pacific to ensure a consistent policy.

The nuclear firebreak established in Europe at heavy cost might be worthless if nuclear conflict were to break out in the Pacific virtually at the outset of any hostilities. In the Pacific, the situation regarding the first use of nuclear weapons is in some ways the reverse of what it is in Europe. It is not the West but the Soviet Union that has the more powerful incentive to use them first. The major units of the U.S. fleet offer a tempting target, and the Soviet Navy might stand to gain from first use in an all-out war at sea.

Indeed, if the U.S. Navy surges forward, the Soviets may see no other option. This is not to say that the Soviets will ignore the possibility that the tactical use of nuclear weapons at sea might lead to strategic use against their territory.

But, as we know, the danger of escalation has not of itself led NATO to discard the first-use option. Rather, it has turned the minds of leaders on both sides toward arms control and confidence-building measures in the European theater. It is time that more attention was given to consideration of such measures for the Pacific, particularly in the northwest corner, the Sea of Okhotsk and the Sea of Japan, where the stakes are so high.

Another of the West's means of maintaining its strength in the Pacific is its basing system. As the Soviet naval challenge there increases, so does the importance of forward bases, which enable the West to preserve a favorable balance of naval power in the Western Pacific with due economy of resources. However, to retain access to these

bases, the United States must have the cooperation of leaders in Japan and the Philippines.

Soviet policy toward Japan in the past decade has made it easier for Prime Minister Yasuhiro Nakasone to bring his country into closer alignment with America, and has reduced domestic opposition to the presence of U.S. bases. Nonetheless, the deployment of cruise missiles and the adoption of the new maritime strategy by the Reagan administration have reinvigorated domestic criticism in Japan and placed the government somewhat on the defensive. Care and sensitivity will be called for by the United States if Japanese opposition to the bases is to be kept limited.

In the Philippines, the debate over bases is colored chiefly by nationalism and changing national aspirations, as Mrs. Aquino's government struggles to maintain and extend domestic political support. The United States has to be particularly careful not to provide any ammunition to those who call for the expulsion of U.S. forces. New Zealand's suspension from ANZUS has not weakened the anti-nuclear cause in other Pacific states. This is demonstrated by the recent ratification of the treaty of Rarotonga, establishing the South Pacific Nuclear-Free Zone, the protocols of which the United States has declined to sign.

It would be a sad irony if the American response to the Soviet naval challenge in the Pacific were to undermine the political consensus so vital to preserving access to the key U.S. bases in Japan and the Philippines and to maintaining essential cooperation with its other partners.

The writer is director of the London-based International Institute for Strategic Studies. He contributed this view to the International Herald Tribune.

Dim Echoes Of 1968 — In Mexico

By Jorge G. Castañeda

WASHINGTON — The 300,000 university and high school students enrolled at the National University in Mexico went on strike Jan. 29 after weeks of protest over proposed education reforms for the country's largest and most prestigious learning institution. The resurgence of a widespread student movement in Mexico City, after 15 years of apathy among the nation's youth, is one of the most important, and possibly far-reaching, developments in recent times in Mexico.

The movement began last year with student opposition to a series of reforms put forth by the university's rector, Jorge Carpizo, with the purpose of breaking the institution's steady decline. He proposed an increase in fees for registration and university services, changes in attendance requirements and standardized departmental exams. Most significant was his proposal to base admission on academic selectivity rather than the present automatic entry granted to all graduates of university-run high schools.

The changes were intended to establish a minimum of academic excellence in the university and to raise badly needed revenues. As a result of four years of state-imposed austerity, the university's subsidy had been falling in real terms, and its financial health was precarious.

To a degree, the proposals resembled the "structural reform" policies the government has been attempting to implement in the economy: cutbacks in subsidies, closing of money-losing state enterprises, trade liberalization. The university reforms seemed more justified than some other changes, and were proposed by a highly respected rector. To the extent that they went against the grain of tradition and acquired rights — free higher education, unrestricted access to the university — the reforms were part of President Miguel de la Madrid's modernization blueprint for the country. In this sense the students' resistance and the resulting political unease have a greater meaning.

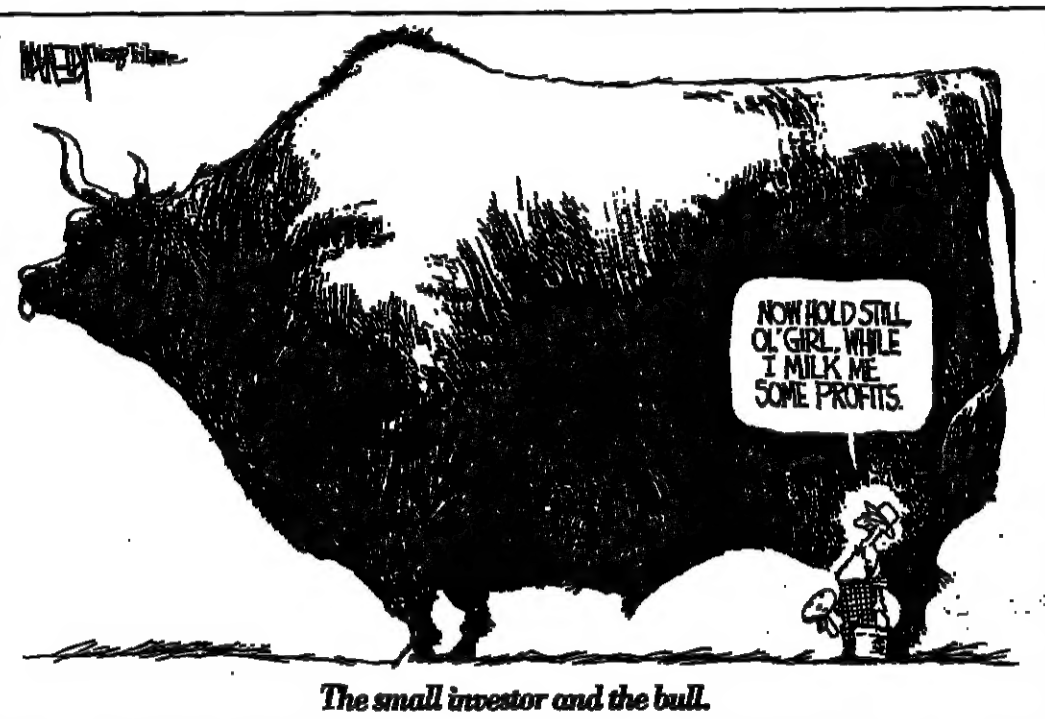
Since 1985 the government has said that "structural reform" can be pursued only if accompanied by economic growth. Rhetoric notwithstanding, Mexico has found itself in the worst of both worlds. On the one hand, "structural reform" is going slowly forward: Factories are being closed, subsidies of food staples, public transportation and other goods and services are being cut, and protectionist walls are falling. But the economic growth to cushion the effects of these measures is nowhere in sight. GDP is falling; it may not reach 2 percent this year.

The student movement is symptomatic. Many students might have accepted the changes if they had been accompanied by a substantial increase in government outlays for higher education, particularly for the National University.

Ever since the economic crisis began in August 1982, Mexican politicians and intellectuals have been warning that the absence of economic growth, if prolonged, would threaten political stability. This has not yet occurred, and the student mobilization is undoubtedly not an immediate consequence of the economic crisis. But it should serve as a warning. The despair over a future with no jobs and no hope is not exclusive to university students; the dangers of unpopular reforms at a time of stagnation extend far beyond Mexico City's Ciudad Universitaria.

The 1987 student movement is not a resurrection of the 1968 movement, drowned in blood on the steps of the Plaza de las Tres Culturas in Tlatelolco. Its demands are different, its protagonists are not the same and, fortunately for all, Miguel de la Madrid is not Gustavo Díaz Ordaz. But student discontent in a country in which half the population is under 18 always means something.

The writer, a graduate professor of political science at the National University of Mexico, is currently a senior associate at the Foreign Endowment for International Peace. He contributed this to the Los Angeles Times.



The small investor and the bull.

The Sudden Prospect of Iranian Victory

By Drew Middleton

NEW YORK — The feeling is spreading through the Middle East that the Iranians are going to win their war with Iraq and that a military victory is in sight by year-end. A sudden end for President Saddam Hussein (and how many recent Iraqi leaders have died naturally?) would hasten such a victory.

Victory would mean, analysts emphasize, not simply the triumph of Iran over Iraq. Victory would release a tide of Islamic fundamentalism, as practiced by Iran's Shiite leaders, on a vulnerable Arab world and on Islam's chief enemy, Israel.

It is important to understand why so many experts on the war are becoming reluctantly convinced that the Iranians are going to win.

The testing ground for victory was the recent Iranian offensive in the Basra area. The attackers took terrible losses, perhaps 15,000 to 17,500 dead. These were heavy, but nowhere near as heavy as those in World War I, with which they were easily compared by some. Remember that the

British suffered 57,000 casualties, 30,000 dead, on the first day of the Battle of the Somme.

Two developments surprised observers in Tel Aviv, Cairo, London and Washington. One was that Iraqi artillery superiority, in which Baghdad and its supporters had placed such trust, did not suffice to halt the Iranians, despite their mounting casualties. The second was that the invaders, having gained ground at terrible cost, dug in, were reinforced and resumed the offensive the next day.

This was not how the scenario was supposed to play. The Iranians, by neutral calculations, would be too shocked by artillery and mortars to do more than cover under the new shelling. Nor did the highly trained Iraqi Army respond to the opportunities for counterattack provided by the tired invaders. Counter blows were struck but did little to delay the overall Iranian operation. When it re-

sumed, the Iraqi shells, plunging into the swamps, had little impact on the invaders' advance.

The Iranians have several attractive options. They can maintain pressure near Basra, eventually drawing reinforcements from other areas for the depleted Iraqi forces there. The Iraqis, in making any troop transfers, will understand that they are outmanned; that a stronger defense at Basra may mean a weaker one for Baghdad or Kirkuk. Iran can also continue its long-range missile bombardment of the capital, hoping that this, plus war-weariness, will move Iraqi leaders to depose Mr. Hussein.

Meanwhile, fears will mount in the rest of the Arab world. There are Shiite minorities in Kuwait and Saudi Arabia. The Western powers must ask whether the governments of those states could repress Shiite rebellions armed and directed by Iran.

The tiny states of the Gulf are a worse case. For defense they rely on Saudi Arabia or Oman. But what if those two comparatively strong powers have too much to handle at home in the form of Iranian attacks?

The Omanis, with their well-trained forces and modern equipment, should be able to deal with anything less than a major invasion. Military analysts are not so certain about Saudi Arabia.

They've tried to buy their way out of every scrape they've been in, a Western military man said recently. "And most of the time, they've succeeded. But what happens when they try to do business with a lot of mad mullahs from Tehran who want to dump the royal family and proclaim an Islamic Republic of Saudi Arabia? No room for brokerage, old man."

If the Iranians win, the tide will sweep northward. Syria, which has backed Iran, is probably safe. But not Jordan or Egypt, and certainly not Israel, for to the Iranians, the ultimate conflict in the Middle East is the Holy War against Israel.

The West must contemplate a situation in which Islamic fundamentalists, triumphant on both shores of the Gulf, decide to punish European infidels by closing the Strait of Hormuz to oil traffic. It would be irrational, but these are not rational people.

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IN OUR PAGES, 75 AND 50 YEARS AGO**1912: Out Goes the Gold**

NEW YORK — Despite fairly good general conditions, the amount of idle funds at this centre grows and bankers acclaim plans for joining in foreign loans and are expediting the outward movement of gold. The renewal of the gold export movement came with the engagement of \$2 million in gold bars for Paris, making the total of the bars on the present movement \$4 million, besides nearly \$3 million in gold coin for South America. Meanwhile, the renewal of disturbed conditions in Mexico, with prospects that the United States might be compelled to send troops across the border for the protection of American interests, was used by the bears, but the fact that the administration in Mexico may ask the United States to send troops, freeing the situation from the dangers of international complications, eased fears.

1937: The 'Nine Old Men'

WASHINGTON — President Franklin D. Roosevelt took the country and Congress by surprise [on Feb. 5] by asking for authority to take drastic action against the "nine old men" composing the Supreme Court which sat aside so much of his New Deal legislation. Using his campaign argument that, while the Constitution is sufficiently modern, the legal procedure under it is outmoded, the President asked changes in the judiciary which would: hasten the retirement of justices over 70 in both the Supreme Court and lower courts; expedite appeals of questions involving constitutional issues; make Supreme Court membership elastic, increasing above the present nine, but not exceeding 15, with the addition of one new judge for every justice over 70 who has not retired. Six of the nine justices are more than 70 years old.

OPINION

Bad Smells Emanating From Wall Street

By A.M. Rosenthal

NEW YORK — Some of the best people on Wall Street are worried about a couple of things and neither has to do with the price of stock. They are worried about the devious dealings in the financial market, legal and illegal. And they are worried, even more, about the day when the public gets really fed up.

The idea has come across to Wall Street — at least to some of the bankers, brokers, analysts and economists who make their living there — that an enormous gap has opened and is growing larger. It is a most important gap — a difference of ethical standard between what Americans, at home and in school, have been taught is supposed to be the right thing to do and what Wall Street is doing, every day.

Some of what a number of Wall Streeters have been doing is plain illegal and there have been indictments. Inside trading, for instance, taking advantage of your position in an investment house, a brokerage or a newspaper to find out what is going to happen and then selling that information to somebody else or using it yourself to make secret buys and sells.

Inside trading can get you rich. It can also get you a number in a federal prison. There are going to be quite a few more names made public in the next few weeks and months that are going to become numbers before long.

Wall Street is even more worried about some of the things that are currently legal but are beginning to smell high to the American public.

Such as managers of companies, afraid of being taken over, buying off the raiders by paying them a lot more money for their stock than you can get for yours. It is called greenmail. It can also be called taking money out of the pockets of the ordinary stockholder. It is legal in America but it shouldn't be.

Such as company officers voting themselves golden parachutes — special payments and bonuses in case they get taken over. That is a kind of insurance policy that is not for sale but if you are a stockholder you sure are paying for it.

There are all kinds of other things company managers do to build a wall of money around their jobs. And there are all kinds of fancy things the takeover artists do that are legal, but shouldn't be.

Takeovers themselves are not immoral because sometimes the management is so bad that takeovers save jobs and stockholder investment.

But there are takeovers that are financed with almost no investment on the part of the raider. These takeovers are backed by bonds of high risk — junk bonds — that are often simply a tricky financial arrangement to get a lot of other people's money together, target a company, buy it, sell it off and sock huge profits away. There are takeovers that make thousands lose their paychecks, ruin industries and make the United States even less competitive to tough foreign competition.

Wall Street is running scared, and not simply the people who know that they are in some swindler's secret books, or recorded on a tape machine hidden on some swindler's body, and can expect a number of their own any one of these days. Men and women who have devoted their lives to making money, but making it honorably, are running scared, too. They realize:

ON MY MIND

that if the public turns in wrath, the result might be a batch of regulations and laws that will hurt them all, the swindlers and the decent alike.

Felix Rohatyn, the investment banker, has gone public with his concern, testifying before a Senate committee about the "cancer called greed" that is threatening the financial industry. He talks of his fear of a vicious "backlash."

Fear of a particular backlash led to private meetings among some top Jewish figures in the industry — bankers,

chief executive officers, heads of brokerage firms. The central topic was the fact that so many of the men caught cheating or about to be indicted were Jewish. There was concern that the backlash might carry a decided tinge of anti-Semitism. The anti-Jewish anti-Semitism jokes are all around the street.

Anybody with an ounce of sensitivity knows that anti-Semitism does not need excuses to hate Jews. There is no need for Jews on Wall Street to feel called upon to explain any more than there is for the members of any race or religion to try to explain their evildeeds.

But anybody with an ounce of sensitivity also knows that this good advice will not prevail. Every minority group whose members are caught doing something dirty worries anyway, even though it knows it should not have to.

The religion of the crooks and of the near-crooks is not the issue. Nor is anti-Semitism. The issue is that Wall Street every day practices what the people believe is just plain wrong. That is dangerous to Wall Street and dangerous to the rest of us.

The New York Times.



LETTERS TO THE EDITOR

Ringing Off on SDI

A commodity desperately needed in these days of "star wars" is the clear thinking evinced by Robert S. McNamara in "Toward Nuclear Sanity: A Plan for Minimal Deterrence" (Jan. 24). He shows SDI for the folly it is: another, yet more expensive, escalation in the arms race. The point of arms control is to limit and perhaps decrease the number of weapons, not to militarize new frontiers. With this kind of thinking in the U.S. administration, it is small wonder that Reykjavik accomplished little.

The latest polls show that a majority of Americans favor SDI, apparently because they believe the administration's publicity about the "impenetrable shield." They should realize that much of the technology required for SDI does not exist, and that even within the pro-

gram, officials acknowledge that such a system would not be 100 percent effective (some estimate 30 percent).

A frequently made analogy is that of the telephone system. Over the years the telephone system has grown quite large, and despite constant maintenance and improvement, it still has its problems.

The battle management division of SDI, which consists of the computers and software to control the system, would be of a size many times that of the telephone system. With SDI, there would be no opportunity for in-place testing; it would have to work perfectly the first time. And of course, telephones are hard-wired into the system — they aren't flying around at high speeds.

The only perceivable reason for the administration's push of SDI is for its potential offensive capability. If such a system could destroy intercontinental

ballistic missiles in their boost phase, it could surely zap surface installations, not to mention satellites. It would seem that this is why Defense Secretary Caspar Weinberger is pushing for the early deployment of space weapons.

If real progress toward strategic arms control is to be made, then SDI should be forgotten. There are much better ways to spend the taxpayers' money.

JOSEPH ARCEAUX,

Paris.

Ronald Reagan sounds convincing when he says "star wars" will proceed. He is from a now nostalgic, moralistic period, the years of Churchill and world war, when his defense convictions might have made him a hero. He believes what he says, but his beliefs and actions are obsolete. We hear only the strength of his convictions and, sheeplike, follow.

GEORGIA PINE,

Formentera, Balears, Spain.

No More Killing Fields

Regarding the opinion column "What Africa Demands Is Realism" (Jan. 27):

I am sick and tired of being lectured by Anthony Lewis about how stupid I am as a misguided conservative who keeps seeing danger in communism.

May I remind Mr. Lewis that some years ago he pointed out how silly it was to fret about Ho Chi Minh and Pol Pot — they were, after all, the "people's choice." Now, several million dead later, he simply closes his notebook and walks away — to guide us through another potential massacre.

The white South African apartheid

government is most distasteful; but it is another matter to expect its members to negotiate themselves out of a killing ground manned by the Communist-backed African National Congress. One only has to spend a little time in Uganda or Angola, and now Zimbabwe or Kenya, to realize what happens when these leaders establish one-party states.

FRED A. KING,

Antibes, France.

Robin Hood Was Right

Jeff Dietrich, through his tale of Rod and the soup kitchen ("How to Attack Terrorism: The View From Skid Row," *Meanwhile*, Jan. 15), offers the noble proposition that "any effective program to end terrorism must begin with a commitment to feed the hungry, clothe the naked and shelter the homeless."

But this will not end terrorism in some of the more affluent areas of the world. First World terrorists are not desperate, starving, oppressed people, but upper- and middle-class kids. Some political scientists, speaking of their "unconventional political behavior," attribute it to the oversupplying of needs: With food in their bellies, a nice pair of jeans and a warm room when it rains, they throw bombs to satisfy "spiritual" desires.

It is always easier to write about solutions than actually to solve problems. But terrorism must be attacked at both ends — in the Third World and the First. Robin Hood had the right idea. A world with fewer poor and rich might be a nicer, and safer, place to live.

DAVID PEDERSEN,

Freiburg, West Germany.

The Kingdom May Be United But the Faucets Are Divided

By Beppe Severgnini

LONDON — A simpleminded soul might be convinced that the most fascinating subject of conversation for a foreigner in Britain would be the royal family, Margaret Thatcher or the castles of Scotland. Not so, believe me.

The most attractive subject concerns certain absolutely extraordinary British

MEANWHILE

habits that have baffled the best brains of Europe: For example, no one has up to now been able to give a convincing explanation of why the English persist in fabricating sinks with two faucets, one for hot and one for cold water. The faucets are usually placed near the corners, so that the user sometimes burns his hands, and sometimes freezes them and never manages to wash them.

The habit is so ingrained that even an impressive publicity campaign in the newspapers, designed to encourage the

saving of energy, carries the picture of a sink which, in Italy, one would only find in some mountain shed.

The mystery of the double faucet is closely related to that of the bidet. The English continue to ignore its existence and no one is quite sure why.

A certain aversion to washing appears demonstrated, despite the fact that British statisticians are working to prove the opposite: It seems that in no other European country is as much water consumed from 7 A.M. to 9 A.M.

I am not the only one who has such preoccupations. I recently met an Italian banker in London. Instead of talking about the stock exchange, we ended up discussing English bathrooms.

Another obsession of his — and another British oddity — are the door handles on trains, which exist only on the outside. The English, who know this, open the window, lean out, open the door and descend. Foreigners can be easily spotted because they frantically paw at the door before reaching the station. At the station they yell "Let me out!" in front of a perplexed public, and with luck they succeed in getting off only three stops later.

Italians are disoriented by these peculiarities. A school president, Renato Franco, wrote me to ask why, in an article, I mentioned "English girls who do not wear stockings and spend the winter with ultramarine-blue legs." The question is one of the most compelling I have ever been asked.

To satisfy the reader, I did some research. Stockingless British women told me they walk around bare-legged because they do not feel the cold. I asked why, if they are not cold, their legs get blue. They said that a leg can become blue without its owner feeling the cold.

I then thought that perhaps legs remained bare out of economic necessity, but the hypothesis had to be abandoned: Girls with bare legs go dancing, spending in one night enough to buy five pairs of stockings. So I continued my investigation and discovered this: Middle-class girls wear nylon stockings more often than their working class colleagues; girls from the South more often than those from the North; London's transvestites more than anyone.

I also learned — and this could be a crucial piece of evidence — that English girls believe they are attractive without stockings, and even more attractive if they wear pointed shoes, in fake leather and with stiletto heels, thanks to which the (compressed) foot takes on a bright, red color, which goes perfectly with the ultramarine blue of the leg.

The writer is London correspondent of *Il Giornale di Milano*, where this first appeared. It was translated by Syske Looijen of the *International Herald Tribune*.

General News

French Communists Feuding
Reformist Faction Sparks Potentially Crippling Dispute

By Julian Nundy

PARIS — The French Communist Party, whose public support has halved over the last decade, has become divided by a dispute that threatens to relegate it completely to the political sidelines.

The latest quarrel came to a head last month when the party's central committee supported criticism by Secretary-General Georges Marchais of members who are advocating reform of the party.

As a result, one member of the party's Politburo, Claude Poperen, left the party leadership and the Central Committee while Marcel Rigout, a minister under the former Socialist government, also gave up his Central Committee seat.

The dispute was prompted by a remark made by Mr. Marchais during a television interview in which he called the would-be reformists "liquidators." The term once was used by Lenin against his opponents.

The interview brought a letter from Mr. Rigout who, absent from the Central Committee meeting because he was recovering from a cataract operation, asked for clarification of the remark.

A motion supporting Mr. Marchais's use of the word was passed and Mr. Poperen resigned.

Shortly afterward, Mr. Rigout, a Communist Party member for 43 years, left the Central Committee.

The public dispute might have stopped there until word leaked out that 35 party officials, supporters of the reformists, had met in Paris last weekend to determine their stance in advance of a full party congress in June.

For Mr. Marchais, who has been

head of the Communist Party since 1972, the movement represents his most serious internal crisis.

Under Mr. Marchais, the Communist Party's support has dropped from 21.3 percent in the 1973 elections to 9.8 percent in the March 1986 elections. In 1978, the party took 20.6 percent of the vote.

Until François Mitterrand grouped together several left-of-center parties as the present-day Socialist Party in 1972, the Communists had been France's largest leftist party. In Western Europe, it was second in size only to Italy's.

The current movement to reform the party is led by Pierre Juquin, a former party spokesman and one-time Politburo member. He has retained his Central Committee seat.

In a speech to his colleagues in January, Mr. Juquin said that the party risked "disappearing as a political force that counts."

He complained that it was without a strategy to deal with the social unrest of recent weeks, marked principally by student demonstrations and a 26-day rail strike.

Before the Central Committee, he added that a party decision to announce the name of its candidate for presidential elections next year, before convening the June congress suggested that the party was run by "dictator."

Mr. Marchais, 66, has already said that he will not run for the presidency. André Lajoie, the leader of the Communist group in the National Assembly, is widely expected to be the candidate.

The leadership, Mr. Juquin said, was "announcing the line of the congress, as well as its hunt for opponents, before the congress opens, thereby threatening the party's unity." This would only lead to

"deadlock and a new decline," he added.

Five days later, in an unnamed session, the 35 reformists met in Paris. Their names were kept secret but French political correspondents said they did not include Mr. Juquin, Mr. Poperen or Mr. Rigout.

The main conclusion of their meeting was to agree on the publication of a manifesto of their group toward the end of February for discussion at the June congress.

The pro-Socialist newspaper *Le Matin de Paris* said that they had in effect created "a party within a party."

The internal Communist Party troubles come at a time when the Socialist Party is widely reported to be seeking an accord with the political center to form a parliamentary majority after the 1988 presidential election.

Most of France's centrists are currently included in the Union for French Democracy, founded by former President Valéry Giscard d'Estaing, an alliance of several centrist and center-right parties.

It is currently the coalition partner of Prime Minister Jacques Chirac's Gaullist party, Rally for the Republic.

Several of its members, including Mr. Giscard d'Estaing, have chided the prime minister for not showing enough social concern during the recent strikes and protests.

But, for the moment, analysts say, the Socialist strategy will be to gather as many Communist votes as possible for their candidate next year, who is likely to be the incumbent, Mr. Mitterrand, and that any new alliances will not be struck until after the election.

EUROPEAN TOPICS

Rebel French Bishop
May Defy Vatican Ban

Archbishop Marcel Lefebvre, the rebel Roman Catholic leader suspended by the Vatican in 1976, has said he may consecrate bishops for his order, a move that would lead to the French prelate's excommunication from the church.

In an interview with the Italian Roman Catholic monthly *Trenta Giorni*, Archbishop Lefebvre said he might consecrate four or five bishops within a year, but was waiting for "a sign from Providence."

The prelate, who has refused to accept changes made in the Roman Catholic liturgy by the Second Vatican Council, was suspended from his priestly functions in 1976 by Pope Paul VI because he continued to ordain priests despite a Vatican ban.

When the 81-year-old archbishop is dead, his order, the St. Pius X Sacerdotal Fraternity, will need bishops who can ordain priests, since only bishops can perform that function. But under canon law, the consecration of bishops without Vatican approval is considered a schismatic act and punished with automatic excommunication.

Archbishop Lefebvre, who said his order has 200 priests in 28 countries, also contended that many Roman Catholic bishops and "at least 10 cardinals" privately agree with his views.

Around Europe

The Dutch government has announced a plan to combat petty

crime and vandalism that is sparking some opposition. Unemployed youths would be given jobs as "guards" in parking lots, schools and run-down apartment houses. Shoplifters would have to pay twice the price of their booty. Local government officials complain that the project lacks funding. Other critics say the plan to use the unemployed as guards would be a stop-gap measure rather than a long-term solution, especially since it would not provide real jobs for the unemployed, who would continue to receive unemployment benefits rather than a salary. The plan was generally welcomed by the public, increasingly exasperated by soaring petty crime in the Netherlands. Government figures show that in the first nine months of 1986, theft rose by 8 percent and vandalism by 19 percent.

A bill designed to expand the opening hours of pubs in England and Wales suffered a reverse in Parliament last week when the deputy speaker, invoking a technicality, refused to close the debate and call for a vote. The bill, which had broad government support, would have enabled pubs to remain open any time from 10:30 A.M. to 11:30 P.M.

The current opening hours generally are from 11 A.M. to 3 P.M. and 5:30 P.M. to 10:30 P.M. Advocates of more flexible hours say a similar experiment in Scotland has shown that cases of drunkenness there had declined. But opponents, including the British Medical Association, contend that it would increase alcohol abuse. The debate has been adjourned until the end of March.



SHEEP HOG — Oliver Watters, a farmer in Llanddewi, Wales, shows off one of two wild pigs that he and his brother Ian have tamed and trained to round up sheep. The brothers eventually hope to train the pigs' offspring and enter them in sheep dog trials.

and the bill is said to have little chance of becoming law.

Defective color television sets that explode have caused 5,490 fires in the Soviet Union in 1985, claiming the lives of several people, the *Komsomolskaya Pravda* newspaper reports. The daily said that despite warnings about one brand in particular, the Rubin-

714, people continued to use it. Manufacturers blame the explosions on the poor quality of plastics and picture tubes.

Adam and Eve will soon lose the protective leaves that have concealed their nudity in Florence for more than three centuries in Masaccio's fresco "Expulsion from the Garden of Eden." Restorers

working on the 15th-century fresco in the Brancaccio Chapel at Santa Maria del Carmine Church discovered the branch of green leaves had been added toward the end of the 16th century, when the Counter-Reformation was busily covering up what was considered "sinful" nudity in the Italian Renaissance art.

—SYTSKE LOOIJEN

Switzerland's First 'Ski Police' Spoil Sport's Whiter-Than-Snow Image, Critics Say

By Thomas Netter

ZERMATT, Switzerland — From the Gornegrat to the Schwarze See, the white bowl of snow that makes up Zermatt's skiing area looks almost unreal, a mountain idyll above one of Switzerland's most picturesque and famous resorts.

Idyllic, it is, until a few skiers collide on the slopes or find themselves in long lines and begin bawling. "They throw off their gloves, and fight like this," said Peter Zahnd, punching his arms around his office in the Schwarze-See-Matthorn cable car station, which at 5,890 feet (1,800 meters) is about a third of the way up to the highest slopes.

Out on the slopes of the Schwarze See and the Gornegrat, fistfights and shoving and arguing in lift lines are only a few of the problems Mr. Zahnd faces in his daily routine as chief of the ski area. Skiing off the trail and ignoring danger warnings can trigger avalanches that are far more dangerous than a few blows exchanged by hotheaded

winter sports enthusiasts. Zermatt's answer has been to form Switzerland's first *pistempolizei*, or ski police, a force of legally sworn-in ski patrolmen and resort workers who form what amounts to an undercover force on the slopes. So far, Mr. Zahnd said, the concept is working, but not without a small storm of controversy.

The 36-member force is all-male, all from Zermatt and made up of excellent skiers. They are unarmed and, with the exception of ski patrolmen, unidentified by any uniform or specific ski gear, other than a *Ski and Balm* Police identity card carried inconspicuously.

Until January, 60 or so ski-patrolmen could do little in the face of trouble-making skiers, mostly young men. "The Americans and the English are the best — they seem to know how to stand in line," Mr. Zahnd said. "But the others — Swiss, Italians, Germans, French — are not, and we have problems."

Formerly, ski patrolmen could rescue lost skiers and issue verbal warnings to the reckless, but they could only look on disapprovingly as drunken, boisterous or unruly

skiers boarded the metal gondolas after shoving their way to the head of long lift lines.

"We had responsibilities, but no rights," Mr. Zahnd said.

But this has changed. Last year the federal government passed a transportation law that gave ski areas the power to fight back by refusing access to lifts or confiscating lift passes if people endangered others or made nuisances of themselves.

"Before," Mr. Zahnd said, "if there was an accident or a collision, and a ski patrolman arrived, he would tell them to calm down, go have a coffee or a drink, and they would just laugh in his face. Now, with the authority of the card and the new law, we want to show people that they cannot just do anything they want."

Officials in several other resorts, such as Klosters in eastern Switzerland, say they see little need for the deputized patrols, either because they host a more disciplined clientele or because skiing conditions at their resorts are

not as difficult as in Zermatt, with its treacherous glacier, which requires more protection.

"So far, we haven't had any need for ski police, thank goodness," said a resort official in Klosters, "and we don't want them."

Critics argue that the very name, ski police, darkens the name of Swiss winter tourism and of a sport that despite occasional incidents has largely managed to escape the ravages of football frenzy and hooliganism. Mr. Zahnd acknowledged that last year Zermatt had about 220 accidents, and "some" but not an abundance of fights.

Still, Mr. Zahnd said, collisions, queue-jumping in the lift lines, and hot-doggers skiing off piste or roaring recklessly down crowded slopes are common headaches for resort officials like himself. Zermatt, he contended, is unusual only in that it has deputized a force to control some problems.

One reason Zermatt is the first to deputize ski police may be its popularity among skiers. In peak season the

village of 3,500 permanent residents, 100 hotels and narrow, winding streets, kept snowy white and quiet by a ban on automobiles, sees a daily average of 18,000 skiers on its 100 miles (160 kilometers) of ski runs.

Each winter brings about two million skiers to Switzerland, according to the Swiss national tourist office in Zurich. The office estimates that winter tourism provides two-thirds of Switzerland's entire tourist income, and about 8 percent of the annual gross national product.

Although some Zermatt residents and resort officials elsewhere say the concept of ski police creates a negative image and may be unnecessary, Mr. Zahnd contends that they are the wave of the future in Switzerland and in other skiing countries, such as France, Austria and West Germany.

"Everywhere, it's the same," Mr. Zahnd said. "but no one had the courage yet to 'what we did. We did it, and I think in two or three years, others will do the same. We must assure the safety of the majority of skiers. That is the most important thing."

ADVERTISEMENT

Ribbons and a Space Shuttle called Hermès

Hermès is 150 years old this year and is still a family business. The wondrous windows in the Paris shop in the Faubourg Saint Honoré headquarters are one of the great decorative delights in the city. In a rather smaller way, the arrangement of exquisite Hermès objects in the London branch in Bond Street have been giving Londoners a continuous show of quality in master craftsmanship and luxury for the past eleven years.

Jean-Claude Mamy, who heads the British operation for this distinguished French house, has lived in London for over twenty years. He was the first man at Hermès to merge fashion, accessories, leathers and perfume into one company, when before the various sections had operated separately. This move, achieved first in London, was undertaken to produce a total look for all the company's products as it deliberately moved into the future.

"The first obvious manifestation of grouping Hermès together," says Paris-born Mamy "came with the ribbon advertisements."

That brilliant idea, now familiar in advertisements throughout the world, tied up a number of different Hermès products in one picture, leathers, silks, perfume, watches and jewellery wrapped round and round in coloured ribbon got the message home fast.

The silk square, too, originally created in 1937, has been another important aspect of the modern thinking guiding the firm today. It was

clearly becoming a tired classic, old hat to the younger generation until another stylish advertisement struck — a girl in jeans irreverently wearing a Hermès square in a totally unconventional way. Youth was hooked and the scarf rose to dizzy heights as a fashion accessory.

Among new designers joining the original team in Paris was Eric Berge who took over the women's range of clothes. He caught the right mixture of daring fashion and high style and captured the spirit (and custom) of the chic young woman of the 80's.

Hermès is given to producing "firsts". The saddle in 1903, the zip fastener in France 1920, the suitcase with inset corners in 1937 and the Kelly handbag (so called in honour of Princess Grace) in 1949. Many beautiful objects

have followed down the years and this year a sensational new suitcase breaks the travel barrier. Made of the material used for the French Space Shuttle, the leather lining is a reminder of its creator.

The French are a logical people and firmly believe that prophets are honoured in their own country. It is splendid for everybody, therefore, that the French Space Shuttle is called Hermès.

With years of tradition and brilliant craftsmanship behind it this unique company is taking advantage of its uniqueness as it moves confidently forward. Guided by the perceptive vision of Jean-Louis Dumas-Hermès, Chairman and General Manager of the House of Hermès, progress takes place at an urgent rate.

"We do not deny the past," Jean Claude Mamy explains "but we are in the present."

During 1987 you will find special old things have been resuscitated and brand new ones introduced. Table fireworks carry out the theme of the year — pyrotechnists on horseback. Two sizes of casket — one for the big occasion and a smaller tête-à-tête version to turn an intimate occasion into a celebration to remember.

Specially created silk squares, their design illustrating the firework motif and a cashmere and silk shawl will become collectors pieces and, during the year, there will be bath mats and towels, table cloths and mats, napkins, costume jewellery, ashtrays and china all with the firework motif.

The spring/summer fashion collection for women includes urbane short-skirted suits, rubberised raw silk raincoats, gabardine wool pant suits and great leathers. For the beach, tropical patterned bare dresses to wear with black linen blazers — French chic, in fact, at its best.

In London, Hermès is at

155 New Bond Street, W.1, 3 Royal Exchange, E.C.3. and there is a boutique in Harvey Nichols, Knightsbridge.

Bond Street sizzles with classy French imports including top fashion names Yves Saint Laurent, Chanel and Lagerfeld. At 180 New Bond Street, top jewellers Boucheron sell your heart's desire and for St. Valentine's Day bring romance to lovers with a stunning Heart-to-Heart collection of palest rose quartz, misty rock crystal and milky pearls. Diamonds provide the starlight on necklaces, earrings and bangles, precious hearts the links on these young and exquisitely designed jewels.

Boucheron was founded in Paris over a century ago and the Bond Street shop opened in 1913. Over the years customers have included the heads of Imperial houses, public figures and very private people. In their softly coloured premises Managing Director, Paul Marmin, has for many years headed a team of talented people who all contribute to the remarkable success of their exclusive business.

The first-ever house to make crystal objects d'art, crystal jewellery has today become a classic Boucheron line and the brilliantly simple slide-on watch strap is another first and exclusive design to be found here.

Shoppers should look for crystal cufflinks, a beautiful and discreet accessory for a man and do not miss a glance at Alain Boucheron's leopard-wood collection, a recent launch of a master crafted collection of jewel style-setters in live and warm materials. This unique speckled wood is matched with gold and precious stones, every piece of enviable quality.

Old-established French name in England is Daniel Hechter who some years ago sent casual wear into a realm above off-duty leisure wear.

ADVERTISEMENT

FRENCH LONDON



1987: L'Année Feu d'Artifice

This is the shop, at 105 New Bond Street, to look for softly coloured blazer and skirts in cream and beige, maybe adding a dash of navy blue. This collection, called The Great Gatsby, includes shorts and different jacket lengths and would be a great look for the playing fields of Eton.

An interesting safari look will arrive here soon with jackets, skirts, long button-through dresses and the new collarless blazer, all in earthy colours. An excellent and sophisticated collection of shirts can always be picked up at Hechter and the nautical theme this season is called 'Hit the Deck'.

We all wear New Man. The label was launched in France

in 1966 and in Britain in 1972. Since then the name has become a household word in the UK among those who wear well-designed casual clothes. This notable range for men, women and children is made by the leading manufacturers of French casual wear who find Britain a big growth market.

Each year detail changes appear on these otherwise classic clothes. For summer '87 padded jackets in washed out blue chambray, safari jackets and short matching skirts, young-look shirts in print and fine cotton to pretty up denim looks and crisp duster coats that will withstand a shower or two. Lots of pants, including the classic

white casual and deck shoes and, for men, loose unstructured jackets and check pants. For office wear the New Man dark, dark grey pants and jackets would be smart commonsense in warm weather. Children's clothes are replicas of adult sizes.

New Man shops at 66 Sloane Street, S.W.1, 69 Duke Street, W.1, and stockists throughout the country.

Separates are the strong point at Tiktiner, 119 New Bond Street. Silk and linen in sophisticated colour combinations are top fabrics for the

new stock just arrived from France. A fine wool skirt in a dark small check to team with a long baby pink jacket is a winner and another elegant mix and match is orange and khaki, with jacket or vest speckled with silver when you want to dress up. Otherwise, a short-sleeve T-shirt could give a lot of mileage.

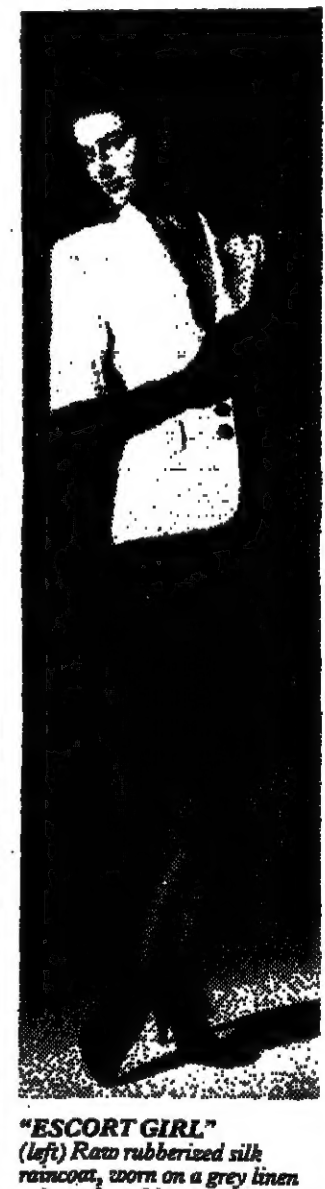
The collarless jacket is newsworthy and the belts are wonderful. Prices fairly stiff, but these sort of neoclassics give back substantial dividends.

Anne Price

HERMÈS - SPRING-SUMMER 1987 COLLECTION

"L'IMPOSSIBLE MONSIEUR BÈRE"

(Right) A staple fibre canvas contrasted 2 piece suit, white, short sleeved jacket with a straight black skirt.

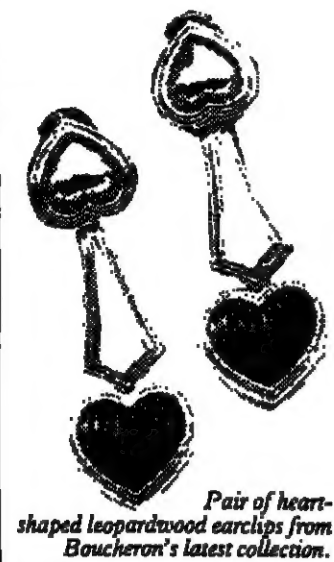


"ESCORT GIRL" (left) Raw rubberised silk raincoat, worn on a grey linen suit, and a white cotton body.

daniel hechter
paris

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DINING OUT

AUBERGE DE PROVENCE

We once called the Auberge de Provence restaurant in the Taj-owned St James Court Hotel a "real find". It is and in this stylish place they serve authentic Provençal specialties of well known chef Jean-Andre Chariol of the famous L'Oustau de Beaumanière in Provence. Everything is prepared and served by an all French staff and the wine list is almost all Provençal vintages. Situated in Buckingham Gate between Buckingham Palace and Westminster Abbey, the menu, wonderful wines and real French bread make the memory linger on.

Dejeuner ou dîner
à la Provençale.
FORMIDABLE!

Good taste needs no translation. Provençal cuisine is renowned throughout the world. And now it's available in SW1 at the Auberge de Provence.

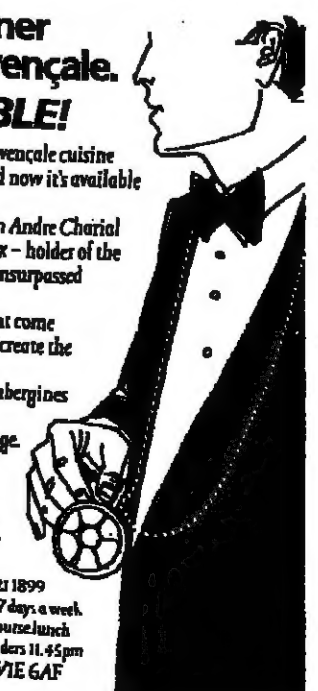
Our menu was inspired by Chef Jean Andre Chariol of L'Oustau de Beaumanière in Les Baux - holder of the coveted Michelin 3 Star rating for an unsurpassed 30 years.

From this outstanding establishment come fine wines, superb cheeses and herbs to create the distinctive flavours of Provence.

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WEEKEND

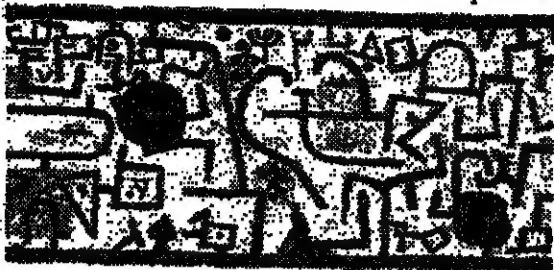
- Schnabel Exhibition
- An Island of Art
- Little Richard

International Herald Tribune

CRITICS' CHOICE

NEW YORK

Klee Retrospective



More than 200 paintings and 100 drawings and prints from all stages of the artist's career are included in what is described as the first major American retrospective in 20 years of the work of Paul Klee, at the Museum of Modern Art from Feb. 9 to May 5. The nucleus of the show is formed by 100 works from the Paul Klee Foundation at the Kunstmuseum in Bern. Other paintings rarely seen outside Switzerland have been lent by the Basel Kunstmuseum (above "Rich Harbor," 1936), and other works come from public and private collections, including that of the artist's son, Felix Klee. One feature of the exhibition is an extensive presentation of the large-format works of Klee's last years in Bern, a culmination of motifs and techniques of his career and a portent of art movements to come. After New York, the exhibition goes to the Cleveland Museum of Art (June 24-Aug. 16) and the Kunstmuseum in Bern (Sept. 25-Jan. 3).

Artspoke at an Opening

Crowds streamed through the Metropolitan Museum Tuesday for the opening of the Lila Acheson Wallace wing, a \$26 million, 40,000-square-foot addition that houses 20th-century art. Attending the opening, William E. Geist of The New York Times found himself a useful companion: William Quinn, artist and lecturer, who takes students to museums as part of a course he teaches in New York on what to say about paintings — artspoke. "The course teaches you," said a former student of his, "how to sound halfway intelligent about art when you're not. It's great." Quinn said, "There is nothing more intimidating to some people than finding themselves in a room with some modern art. What do you do? Laugh? Cry? Weep?" The art elicited a number of responses, but Quinn and museum reference material suggested other ways. "I love this," said one visitor, of a Bonnard. Insufficient. Instead, one should speak of the boldness of interpretation. "I could do that," said another visitor, referring to a display of polyurethane-soaked cardboard boxes in a Rauschenberg. "But you didn't," said Quinn.

New 'Manon' at the Met

A new production of Massenet's "Manon" has its first performance Feb. 6 at the Metropolitan Opera, conducted by the 82-year-old Manuel Rosenthal and with staging, sets and costumes by Jean-Pierre Ponnelle. Catherine Malfitano sings the title role, with Neil Shicoff as Des Grieux and Michel Sénéchal, David Holloway, David Hamilton and Ferruccio Furlanetto in other principal roles. Also new is the use in this production — apparently for the first time — of singing recitatives composed by Massenet late in life, and only recently rediscovered, in place of the customary spoken dialogue.

EUROPEAN TOUR

Musicians From San Francisco

As part of the celebration of its 75th anniversary season, the San Francisco Symphony will make its first tour of Europe in 14 years, conducted by Herbert Blomstedt, who is in his second season as the orchestra's music director. After two concerts at Carnegie Hall in New York (Feb. 12-13), the European tour of 16 concerts in as many cities opens Feb. 16 at Royal Festival Hall, London. Features of tour include the first European performances of "The Golden Dance" by Charles Wuorinen, the orchestra's composer in residence, who wrote the work for the anniversary season, and appearances as soloists by the violinist Isaac Stern (right), who made his debut with the orchestra in 1936 in works by Prokofiev and Mozart in London, Paris (Feb. 18) and Strasbourg (Feb. 20). The tour repertoire also includes Brahms's Symphony No. 1, Bruckner's Symphony No. 6, Mozart's Symphony No. 39 and Stravinsky's "Firebird" Suite. Other concerts are in Brussels (Feb. 17), Vienna (21), Linz (22), Munich (23), Berlin (24), Hannover (26), Geneva (27), Zurich (28), Milan (March 2), Florence (3), Turin (4), Stuttgart (6), Frankfurt (7).

PARIS

Celebrating Mozart

Mozart's vocal music is the focal point of a series of concerts and staged performances at the Théâtre Musical de Paris-Châtelet. A complete cycle of the composer's concert arias with various soloists and orchestras continues into April, including Sylvia McNair, Hanna Schwarz and Gylisiane Raphael with the London Mozart Players under Jane Glover (Feb. 10); Gianna Rolandi and Harry Dworkin (Feb. 12) and Edith Mathis and Sherri Greenwald (Feb. 14), both with the Lausanne Chamber Orchestra under Lawrence Foster; Krizina Laki and Yvonne Kenny (Feb. 19) and Lella Cuberli and Anthony Rolfe-Johnson (Feb. 21), both with the Vienna Chamber Orchestra under Philippe Entremont. On Feb. 13 and 15 are concert performances of "Le Nozze di Figaro," with Friedmann Laver conducting the Nouvel Orchestre Philharmonique and Margaret Marshall, Janet Perry, Gino Quilico and Stafford Dean in principal parts, and from March 10 to 22 there will be six performances of "Don Giovanni," in Karl-Ernst Herrmann's much-praised production for the Théâtre de la Monnaie in Brussels, conducted by Sylvain Cambreling and with José van Dam in the title part. A staged production of the rarely performed "Singspiel" "Der Schauspieler" is also planned for June as part of this cycle.

MONTE CARLO/MADRID

'Orfeo' on the Move

The Opéra de Monte Carlo and the Teatro Lírico Nacional La Zarzuela of Madrid are sharing a new production of Gluck's "Orfeo ed Euridice," staged by Mario Corradi, with sets by Lorenzo Patt and costumes by Marco Borani. Lawrence Foster conducts the performances Feb. 6, 8 and 10 at the Salle Garnier in Monte Carlo, with Anne Sofie von Otter and Christine Barbaux in the title roles, while in Madrid on March 6, 9, 11, 13 and 15, Antoni Ros Marbà conducts and Stefania Toczyska and Judith Blegen are the principal singers.



A dance hall scene from "Radio Days," and, left, director Woody Allen at the age of 13, with his sister, Lerty, in 1948.

A Dance to the Music Of Yesterday

'It was a very glamorous age... radio had a tremendous hold on the nation.'

by Avery Corman

ON the boardwalk in the 1940s, dancers did the Lindy to music from a juke box in front of "Meyer's Knishes." Nearby was the Teak-Cup stand where you boughtchow mein, then you ate the cup. The bars featured a kind of juke box with a screen that played "soundies," short subjects of big bands playing their hits, like Artie Shaw and his orchestra doing "Star Dust." The lamp-post lights along the boardwalk were painted black on the side facing the ocean so as not to be a beacon for German submarines. If a German plane ever flew overhead you would have spotted it for sure with your intimate knowledge of enemy aircraft silhouettes. I could go on and on. I could fill this article with references to my childhood in the 1940s during the war, of Rockaway at that time, of the sounds, the textures.

Why does that time have such a hold on writers? Why do we have conversationally the evocative "Brighton Beach Memoirs," written by Neil Simon, from his Broadway hit, directed for the screen by Gene Saks, and the lyrical and delicious "Radio Days," set in that very Rockaway of the 1940s, written and directed by Woody Allen?

Both of these movies deal with generally the same period of time, both are set in residential beach areas, both deal with childhood in struggling Jewish families. But let us not presume any trend toward a new genre of "Jewish beach movie" here. For all the similarities of setting they are quite different, each a highly personal view of the writer. As to why Neil Simon and Woody Allen would both be attracted to this material, I think the years of the Depression and World War II were a particularly dramatic time to be a child. If you were a writer who grew up then, at some point in your career you have to deal with that time, that material, those roots.

Movies have a special quality as an art form to almost physically transport us to another time, to preserve a period so that we can literally see it. When I was a boy I sat in movie houses like the Loew's Paradise in the Bronx; now, ironically, that period is of another time and they are making movies about it. For Neil Simon and Woody Allen it is within their vision to tell us the time was simpler and more innocent. Because of the nature of film, that simplicity and innocence is made palpable. We can see it in the clothing people wore, the hair styles, the decor of the rooms they inhabited.

In "Radio Days," Woody Allen uses the importance of radio in our lives in the 1940s as the spine for a sight and sound poem about his early years and the icons of that period. He weaves fictionalized events from his boyhood with fantasy stories of the Stork Club crowd. The cast of Woody Allen regulars has taken on the comedic character of Preston Sturges's ensembles. Among the performers, we have Mia Farrow doing another dazzling turn as a comedienne and a touching performance by Dianne Wiest.

"It was an extremely romantic time in the United States," Woody Allen said in discussing the movie. "Heroic young men were going off to fight and parting with their sweethearts. And there was an enormous amount of that expressed in popular songs. It was a simpler age, and the music one heard on the radio was not ear-splitting, pretentious rock music. It was very lovely. I would put on the radio and hear Benny Goodman and Glenn Miller.

"Somebody else from the '50s would make the same cogent argument for the '50s and the '60s and so on. But for me it was a wonderful time. The country was extremely patriotic and America was pulling together in a way that it really didn't after. We had no television. The popular culture of the day was movies and radio, and it was a very glamorous age. Radio had a tremendous hold on the nation. One couldn't wait to

get up in the morning and be sick so you didn't have to go to school and you could stay home and just listen to the radio all day long.

"Families gathered together in the evening, and these wonderful stories were coming over the air. The people went to movie houses that were built on the order of European opera houses. I would present the argument that it was just a more charming time and a better time."

Of "Brighton Beach Memoirs," Neil Simon said: "I'm sure all through literature people have been writing about their early times. Dickens did it, he wrote about his youth. The Depression was, in a sense, a war. We were all in the same boat together. There's the scene in 'Broadway Bound' where the boy says to his mother, 'Tell me what the old days were like.' This was my chance to show my daughters what the old days were like, and they got a much clearer picture of me seeing it up there than they would have if I just told them about it."

Neil Simon and Woody Allen inform us that they are dealing with autobiographical material. In this time of so many kiss-and-tell confessional, there is often a presumption that what writers do is stenographically record events from life. In my own experience I see the novel "The Old Neighborhood" north of the place where I grew up, and a woman wrote to me rather testily saying, "I knew every boy on the block. You must have changed your name for professional purposes." For me a strong connection between "Brighton Beach Memoirs" and "Radio Days" is in the area of craft. These are pre-eminent artists and they make it look easy, but each had to find the style and distance to make events from life work dramatically.

Beyond craft and the surface similarities of these two works, in terms of period, geography, economic background, ethnicity, "Brighton Beach Memoirs" and "Radio Days" share a quality that is extremely short supply in American movies today — personal vision. Both movies attempt to speak to us about American life. If you go through the newspaper today and look at the films in release, you'll see how few

relate to how we lived or how we live. About "Brighton Beach Memoirs," Neil Simon says:

"In maturing both as a writer and a person I wanted to start to investigate where all this came from. To question myself how it all happened. I knew the chronological details of my life but I didn't know the psychological ones. I felt like writing about a time when I was probably, and I think all of us are, the happiest in our lives — before the obligations start in. It was a fun time for me, going back. It was for myself I was doing it."

And Woody Allen has this to say about "Radio Days":

"The whole country was tied together by radio. We all experienced the same heroes and comedians and singers. They were giants. They were so huge and now today the whole thing has completely vanished. All those tremendous heroes and mythological characters that we lived with for decades when I was younger are completely forgotten or remembered by so few people. It tells you something. It's very sobering. There was just nobody bigger when I grew up than some of these people, enormous. We think we're such hotshots. We think we have such a hold on the public and then with the passage of time it all gets dissipated. You really learn humility from it."

So we have Neil Simon setting out to learn truths about himself, examining a part of his life and a period of time for his own understanding. We have Woody Allen serving as a curator of his memories and ours, trying to preserve a fondly remembered aspect of American life. Most screenplays today simply do not start out with such personal intentions, or if they do the movies are not made, or if they are made the screenplays are rewritten by other people.

Mona Mangan is the executive director of the Writers Guild of America, East. She cites the society of

producers in the face of the high cost of making and distributing movies today for the climate in which screenwriters are routinely replaced on projects. As a result, movies not only lack the personal vision of a writer but lack, as she describes it, a "unity of vision."

"The most serious creative problem for the screenwriter," Mangan says, "is the fact that the writer is perpetually being rewritten and a writer's version does not get to the screen in the vast majority of cases."

As I watched these two movies, I was struck by that quality of getting your story told on your terms, in your style. Neil Simon is deftly aided by a skilled director he was worked with before, Gene Saks. Woody Allen does it all himself. And they retain their personal vision.

Avery Corman wrote the novels "Oh, God," "Kramer vs. Kramer," and "The Old Neighborhood." His newest novel, "50," will be published this spring. He wrote this article for The New York Times.

The New York Times



An ice-cream parlour encounter from "Brighton Beach Memoirs," based on a play by Neil Simon (right).



by Michael Gibson

PRO

WEEKEND

Hombroich: An Art Collector's Atlantis

by David Galloway

NEUSS, West Germany — From Atlantis to the Hesperides, from Shakespeare's "brave new world" to Melville's Typee, the island myth has proved an enduring fantasy. Characteristically, this earthly paradise is located somewhere beyond the known horizon. Even the most diehard daydreamer would scarcely plant it within North Rhine-Westphalia — the most densely populated and industrialized state in West Germany.

Indeed, the eager buyer of Hombroich Island never suspected that he was acquiring anything but mainland property. He knew, only, that the derelict villa and farm buildings, with their broad expanse of woods and meadows, would make an ideal setting for his extensive art collections. A friend and adviser had once prophesied that Karl-Heinz Müller, a businessman and art collector, would find an island home, and surveyors' maps unexpectedly revealed that a Rhine tributary had once forked here to create a watery frame for the property.

Müller, 50, had the silted channel dredged and began to explore the numerous hidden treasures of his domain. Despite its forlorn state, Hombroich had long been of interest to archaeologists and botanists. It contains evidence of one of the earliest Stone Age settlements in Northern Europe, as well as the remains of two Roman villas. In an adjacent wood recently annexed to Müller's holdings, the foundations of a medieval fortress await excavation.

The botanical interest is provided by exotic shrubs and trees from Iran, Japan and the Americas planted in the 16th century. Later owners added other rare varieties, but all had virtually disappeared in the dense undergrowth. Müller revealed the botanical wonders again and renovated the three-story

villa built there by a Wuppertal entrepreneur in 1813.

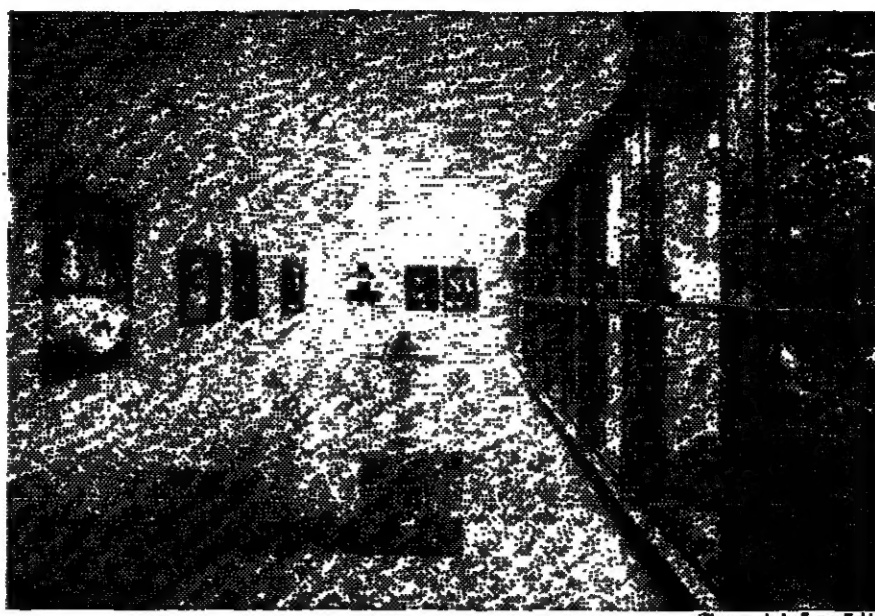
Today it houses paintings from Cranach to Schwitters, Klimt drawings, a dozen Cézanne watercolors, Art Deco furniture, and sculptures by Brancusi and Giacometti. The music room boasts a breathtaking suite of Corinth portraits.

Although he is almost constantly on the move, with his eyes open for new discoveries, he feels that his most important acquisitions have similarly found their own buyer. When he recently entered a telephone bid for a Rousseau portrait being auctioned in Tokyo, he doubted his offer stood a chance of success, but he was, in the end, the sole bidder.

He had always yearned for a work by Matisse, but he despaired of affording anything of museum quality. Then, following an auction of paintings in London, when other buyers had packed away their calculators, he snapped up five magnificent costumes that Matisse had produced for Diaghilev, each for £500 (about \$900).

Although he has collected seriously for less than two decades, Müller has amassed an inventory that many a professional museum director might envy. Or, indeed, that several might covet, for in addition to modern art there are Khmer idols and prehistoric pottery, Chinese glass and furniture, Bauhaus lamps, African masks and Rembrandt etchings. If individual choices are sometimes dubious, the ensemble as a whole is superb; its quality reveals the businessman's savvy as well as the connoisseur's flair. The impressive suite of Faubert canvases, for example, was acquired before the painter's revival, and no single work cost more than 15,000 francs (about \$2,400 at the current exchange rate).

Müller amassed his fortune along an axis stretching from London to Vienna, through speculation in industrial real estate, and he cherished the hobby that money and mobil-



Two interiors of Müller's Hombroich gallery complex.

ity made possible. The ultimate commitment, however, was prompted by a Taoist monk who advised him to sell his properties and buy paintings.

Müller has long since adopted the monk's ground rules as his own. "First comes a shock. Then the thing must be so good one wants to take it to bed. Finally, it should contain the entire concentrated life of the artist who produced it." A similar code applies to the conversion of Hombroich Island. The sculptor Irwin Hirsch is the sole architect, and his cubistic form-language has already created five mini-museums — including a graceful pavilion devoted to the works of Hans Arp.

The newest structure is a labyrinth of

oriental stillness and purity, whose four entrances all lead to a central hall that will soon house the luminous canvases of Gotthard Graubner. Other structures will follow, and yet more sculpture will be scattered through the dense, park-like landscape.

Music, too, plays a key role on this enchanted island. Last summer there was a weeklong festival whose performers included Sviatoslav Richter.

Hombroich Island (4040 Neuss 22) will be opened to the public on April 20. Until then, it can be viewed by appointment (Tel: 2182-2044).

David Galloway is a writer and professor based in West Germany.

Tracing Little Richard's Rock 'n' Roll Back to Gospel Roots

by John Rockwell



Little Richard

NEW YORK — Just recently, Warner Bros. released a new record by Little Richard, who is more formally known as Richard Penniman. With his crowing tenor-falsetto, his pompadour and makeup, his flashy suits and flashier piano style, Little Richard was one of the pioneers of rock 'n' roll.

But like so many other rock and soul performers (Jerry Lee Lewis, with his cousin Jimmy Swaggart; Al Green), Little Richard was torn between rock and gospel, between hell and heaven. In 1957, Little Richard turned his back on his early success, plunging into evangelical missions and gospel, re-emerging for a series of not-really-successful comeback attempts starting in 1964, only to return to the church and to gospel in the 1980s.

His new disk, "Lifetime Friend," is a gospel record, the friend being Jesus.

Richard Penniman was born in Macon, Georgia, in 1935 and recorded sporadically in Atlanta and Houston before defining his style with a series of rock records made in New Orleans starting in 1955. It was the heavy New Orleans mixture of relatively unadorned African music, Caribbean music, plantation music, blues, carnival dances and chants,

rhythm-and-blues and jazz in the session musicians who accompanied Little Richard that helped him discover his own secular image.

But there was another element, too, and that was gospel music. Black gospel is by no means as rooted in New Orleans as some more secular styles; it's a product of the entire South, and of the North, too — Cleveland, above all. Nor is it the fruit of some centuries-long evolution that then became translated into blues and rock. Gospel is really only a child of this century, of the Pentecostal and "sanctified" revivals of the turn of the century and of black's cultural self-assertion born of the same forces (radio, recordings, concert amplification) that shaped commercial secular music.

Gospel can't be said to be a single style. The constant interchanges, back and forth and back again, between the sacred and secular music of any given period blur the issue of priority. And gospel itself went through all manner of stylistic growth over the decades (with varying degrees of unbridled ecstasy and smoother harmonizing roughly reflecting parallel secular tastes). There were also subdivisions among the performing styles and forces — male and female "quartets," meaning small vocal ensembles by no means confined strictly to four; solo singers, first mostly female and now both male and female; larger choirs.

The mysterious relation of music to specific human emotions becomes all the murkier when one hears the same vocal inflections, the same cries

of pleasure and pain, the same guitar parts and pulsating rhythm sections applied to visions of Jesus and to barely disguised evocations of the sexual act (the very meaning of the term rock 'n' roll, after all).

Young Southern blacks of the 1930s, '40s and '50s were mostly reared in the Baptist Church or ones very similar to it, and thus their earliest musical inclinations were born of gospel music, whether they eventually sang pop or gospel or both. Anthony Heilbut, the author of "The Gospel Sound," says Little Richard himself has adduced the gospel singer Marion Williams as a key inspiration (although at other times, Heilbut concedes, he's also shied away from attesting to any such indebtedness).

Heilbut even argues that Little Richard derived some of his early self-image, from the pompadour to the ecstatic gaze into the middle distance in early publicity photos, from a picture of Williams wearing a beehive hairdo when she was with the Clara Ward Singers, a gospel group. But one needn't trace Little Richard's taste in hairstyles to recognize the gospel inflections in "Tutti Frutti" as well as "Lifetime Friend."

The sheer, crazed vitality of Little Richard's early rock has never been equaled, by him or anyone else. But this disk reveals a still existing voice and style, with the arrangements and production tailored to recall the earlier secular hits. Little Richard can be a moving singer as well as an exciting one.

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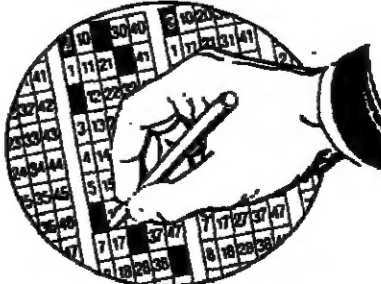
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NYSE Index					
Index	High	Low	Close	Ch.	%
Composite	1,619.34	1,618.18	1,618.18	+1.15	+0.07
...

Thursdays
NYSE
Closing
Via The Associated Press

AMEX Diary	
Symbol	Ch.
...	...

NASDAQ Index			
Index	Ch.	Yr.	Ch.
...

AMEX Most Active			
Symbol	Vol.	High	Low
...

Dow Jones Bond Averages	
Symbol	Ch.
...	...

NYSE Diary	
Symbol	Ch.
...	...

Odd-Lot Trading in N.Y.	
Symbol	Ch.
...	...

Dow Jones Averages	
Symbol	Ch.
...	...

Standard & Poor's Index			
Index	Ch.	Yr.	Ch.
...

NASDAQ Diary			
Symbol	Ch.	Yr.	Ch.
...

AMEX Stock Index			
Symbol	Ch.	Yr.	Ch.
...

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Breaks Through 2,200

NEW YORK — Prices on the New York Stock Exchange finished higher in heavy trading Thursday, pushing the Dow Jones industrial average to its first close above 2,200.

The Dow rose 10.27 to close at 2,201.49. Gainers led losers by a 5-3 ratio among the 1,995 issues traded. Big Board volume was about 258.3 million, up from 222.4 million on Wednesday.

Thursday's volume represented the second biggest trading day in the market's history, with only the 302.4 million shares that traded on Jan. 23 exceeding it.

Prices were higher in heavy trading of American Stock Exchange issues.

The Dow's advance was not without its problems. During the afternoon, an unconfirmed report that Terry Waite, the Angolan hostage negotiator, had been shot in Lebanon threatened the advance.

The Waite report, which appeared in a West German newspaper, caused concern about U.S. actions in the Middle East and provided an excuse to take profits, traders said. A White House statement that it had no information on the accuracy of the report then prompted a return to buying, they said.

"This afternoon there was a rumor that Terry Waite had been shot. That brought uncertainty to the market with the potential of an international incident," Thomas Ryan of Kidder Peabody said. "Defense stocks did O.K. at the time and the market resumed because there was no certainty to the report."

On Jan. 23, the first time the Dow rose above 2,200 during any session, the index, which had gained about 64 points by early afternoon, took

a sudden dive, falling 114 points to a deficit of 50 in the span of 71 minutes. That day the Dow closed 44 points lower. "This 2,200 level is a reaction area," said Jon Groveman, a trader at Ladenburg Thalmann & Co., "and at one point today, the market got a little overextended and looked for a reason to take some profits."

Technology issues returned to the forefront of the market with IBM leading the way. IBM, trading ex-dividend, rose 1 1/4 to 136 1/4. Digital Equipment 3 1/4 to 150 1/4. Unisys 2 1/4 to 98 1/4. Cray Research 3 1/4 to 116 1/4 and Prime Computer 1 1/4 to 23 1/4.

Semiconductors were also strong gainers. Texas Instruments jumped 3 1/4 to 159 1/4. Motorola 1 1/4 to 49 1/4 and Advanced Micro Devices 2 1/4 to 23 1/4. Analysts are expecting semiconductor orders for January, as reflected in the industry's book-to-bill ratio to be released next week, to be very positive.

General Motors, which reported fourth-quarter earnings of 97 cents a share compared to \$3.85 a share a year earlier and reported a write-off of \$1.2 billion for the quarter, led the NYSE consolidated active list with a gain of 1 1/4 to 80.

The perception is that U.S. car companies will broaden their market share primarily because the currency situation is in their favor, Mr. Ryan of Kidder said.

Ford posted a gain of 2 1/4 to 79 1/4 and Chrysler, which reported a rise in fourth-quarter earnings of \$2.21 a share compared with \$1.31 a share reported in the same period a year earlier, rose 1 1/4 to 50 1/4.

In the insurance stocks, American International rose 1 1/4 to 68 1/4, Aetna 1 1/4 to 61 1/4, Chubb 2 1/4 to 65 1/4 and Marsh & McLennan 2 1/4 to 65 1/4.

12 Month Stock					
Symbol	Vol.	High	Low	Last	Ch.
...

12 Month Stock					
Symbol	Vol.	High	Low	Last	Ch.
...

12 Month Stock					
Symbol	Vol.	High	Low	Last	Ch.
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12 Month Stock					
Symbol	Vol.	High	Low	Last	Ch.
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12 Month Stock					
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12 Month Stock					
Symbol	Vol.	High	Low	Last	Ch.
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12 Month Stock					
Symbol	Vol.	High	Low	Last	Ch.
...

(Continued on next left-hand page)

FRIDAY, FEBRUARY 6, 1987

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TECHNOLOGY

Putting R2-D2's Cousins To Work in the Factory

By BARNABY J. FEDER
New York Times Service

NEW YORK — The mobile robot installed last month at the Orlando, Fla., semiconductor plant of American Telephone & Telegraph Co. is likely to remind anyone of the futuristic robot from the movie "Blade Runner." Scooter, as AT&T calls the robot, rolls along at a top speed of less than one mile an hour, carries 30 pounds (13.6 kilograms) of semiconductor wafers between processing stations, and stops short when it bumps into a toe or other obstruction.

However, in a classic case of technology trickle-down, AT&T's roving robot is using a guidance system developed for military and aerospace applications. It is the first of a new generation of driverless vehicles that maneuver around production sites using gyroscopes and computer controls, a method known as inertial guidance.

The gyroscopes mounted in the robots record changes in direction. Sensors attached to the wheels measure the distance traveled. Lasers bounce their light off mirrors at docking sites where materials are picked up or delivered to help the robotic arm on the vehicle pinpoint its location before it reaches out to grab or deposit materials. Computers process data from the robots' sensors and other instruments, control traffic and coordinate the activities of the robots with production needs.

The company that built AT&T's mobile robot system and a similar materials-handling unit for Nikon, the Japanese camera company, is Flexible Manufacturing Systems Inc. of Los Gatos, California. It is run by veterans of Silicon Valley's semiconductor industry. But Flexible's technological comp is no guarantee of its prospects for success, or even survival, in the battle to market what are known as automated guided vehicles, or AGVs.

"There are a lot of different companies, each with a different vision of where they are going," said David E. Turpin, chief design engineer for Salt Lake City-based Eaton-Kenway Inc., a subsidiary of Eaton Corp., that markets robots guided by the magnetic field of wires buried in factory floors.

A joint venture between Caterpillar Industrial Inc., a Mentor, Ohio, subsidiary of Caterpillar Inc., and Britain's General Electric Co. is developing computer-controlled vehicles that orient themselves by using a network of bar codes painted on pillars, machinery and walls, which the vehicles read with lasers as they move through the factory.

INDUSTRY SOURCES estimate that as many as 50 companies are selling or planning to sell AGVs, including many of the major suppliers of traditional materials-handling equipment such as conveyors and forklifts. Others include companies like Sweden's Volvo AB, which developed AGVs for use in its own car factories over a decade ago and then began selling them around the world. About 4,000 AGVs have been installed in American and Canadian factories in the past 10 years, according to Gary Hammond, a professor at General Motors Engineering and Management Institute who has written a book on the industry.

GM, the industry's most avid customer in recent years, has curtailed its buying plans because of falling profits. But rising demand from other automakers and other industries is expected to keep the AGV market growing 25 to 30 percent a year.

The AGVs do two basic jobs. Some, like Scooter, are materials handlers that use miniconveyors, forklift attachments or robot arms to handle goods. Others, like Volvo's, are mobile assembly platforms. They allow companies to build such large, complicated products as cars more efficiently. The AGV's ability to shuffle along various routes helps manufacturers offer products with a variety of features without building huge inventories.

The once-sleepy AGV industry had its roots in the same
See ROBOTS, Page 13

GM Profit Declines By 69.5%

But Chrysler's Net Rises 50.5%

DETROIT — The cost of plant closings and other efforts to curb production slashed General Motors Corp.'s fourth-quarter profits to 69.5 percent below the same period a year earlier, the No. 1 U.S. automaker said Thursday.

At the same time, third-ranked Chrysler Corp. said fourth-quarter profits rose 50.5 percent above the corresponding period a year earlier on strong sales.

GM reported net income of \$382 million, or 97 cents a share, in the three months ending Dec. 31, compared with \$1.25 billion, or \$3.85 a share, a year earlier.

The per-share earnings were based on GM's main class of stock and excluded stock issued by its Electronic Data Systems Corp. and Hughes Electronics Corp. subsidiaries.

Fourth-quarter earnings were reduced by a \$1.22 billion provision for plant closings and other restructuring. During much of 1986, GM suffered from overproduction of vehicles and moved to reduce its manufacturing capacity.

"They took a bigger financial bath than I expected," said David Healy, automotive analyst with the New York brokerage house Drexel Burnham Lambert Inc.

GM's sales and other revenues during the quarter totaled \$25.53 billion, or 3.6 percent from \$4.24 billion in the corresponding period a year earlier.

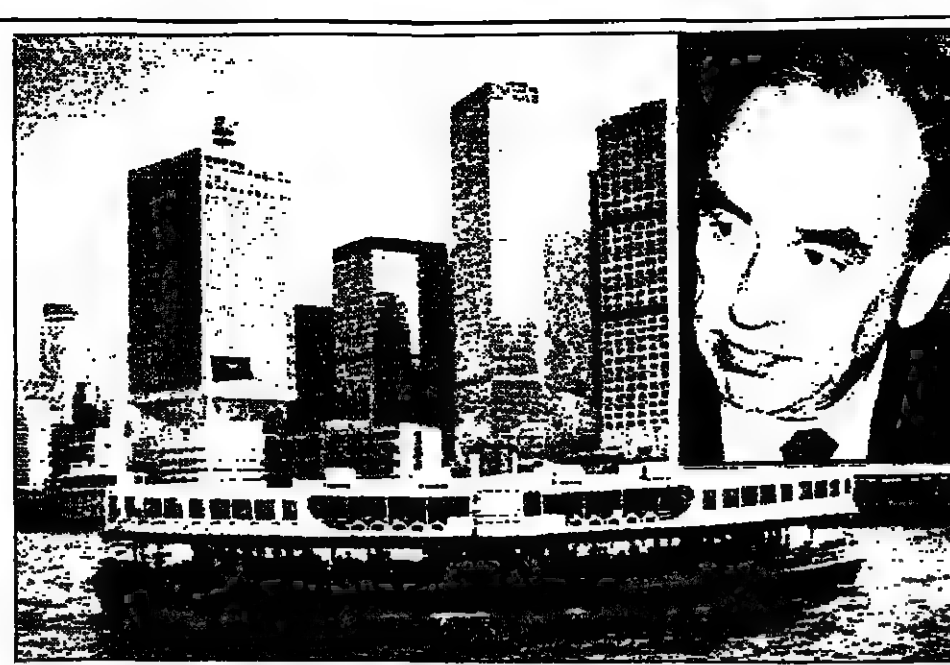
GM said net income in 1986 totaled \$2.95 billion, or \$8.21 a share, down 26.3 percent from \$4 billion, or \$12.28 a share, in 1985.

Sales and revenues for the year totaled \$102.8 billion, or 6.6 percent from \$96.4 billion in 1985.

Operating income for the year totaled \$1.43 billion, down 66 percent from \$4.21 billion in 1985, GM said.

In a statement, GM's chairman, Roger B. Smith, and president, F. James McDonald, said the year's results "reflected the anticipation

See CARS, Page 13



Part of Hong Kong's central skyline. Inset is Rupert Murdoch, whose News Corp. recently bought one of the colony's big companies, South China Morning Post Ltd.

Hong Kong: Fair Dinkum, Mate

Australian Entrepreneurs Flock to Offshore Base

By Patrick L. Smith
International Herald Tribune

HONG KONG — From his small, informal office in Hong Kong's Central District, Wilson H. Banks enjoys a clear view of the slopes leading up to Victoria Peak.

It is an appropriate panorama. Not long ago, Mr. Banks spent \$183 million purchasing many of the finer residential towers that climb like a battalion of soldiers toward this colony's poshest neighborhood.

As general manager in Asia for Bond Corp., Mr. Banks is the chief representative here of Alan Bond, the Australian entrepreneur whose fast-expanding empire includes substantial interests in brewing, real estate and television broadcasting.

Bond Corp.'s acquisition late last year of the residential portfolio of Hongkong Land Co., the territory's premier property company, was intended to be just what it looked like: a highly visible debut for a Hong Kong-based, worldwide investment concern, Bond Corp. International Ltd.

"Alan wanted to inject an asset the market here could make

sense of," Mr. Banks said in a recent interview. "With a long-term investment, we hoped to make Hong Kong comfortable with what we're doing."

What Mr. Bond is doing is typical of his more-adventurous countrymen these days. To the applause of some and the con-

'The Australian companies coming here want to push out their boundaries into the Northern Hemisphere.'

—David J. Humann, Price Waterhouse

cern of others, Australian entrepreneurs, and some from New Zealand, are busily launching offshore companies here to ride Hong Kong's buoyant stock market and develop new investments in Asia, Europe and North America.

Of the 30 largest companies listed on the Hong Kong Stock Exchange, Australians now own or have substantial shares in 5. Among these is South China Morning Post Ltd., which was recently taken over by News Corp., the company controlled by Rupert Murdoch, the Australian-born media magnate.

The largest of these companies is Industrial Equity (Pacific) Ltd., a diversified investment vehicle owned by Ronald Brierley, whose takeover activities are well-known in Australia and in his native New Zealand. As a result of a recent share issue, Industrial Equity now ranks just behind Jardine Matheson, the British trading house, in terms of market capitalization.

But these are only the most visible examples of a trend that has shown no sign of slowing. Since it began quietly about 18 months ago, nearly 20 Australian stocks are being traded here and several more listing applications are pending.

Impulse Pacific Corp., an investment vehicle controlled by Bruce R. Judge, an Australian, announced on Wednesday that its merchant banking unit is

See AUSTRALIANS, Page 15

France to Sell TV Channel for 4.5 Billion FF

By Jacques Neher
Special to the Herald Tribune

PARIS — The government said Thursday that its sale price for TF1, France's largest television channel, would be a minimum of 4.5 billion francs (\$743 million).

The 50 percent of TF1 set aside for corporate applicants will cost at least 3 billion francs, the Finance Ministry said. The remaining 1.5 billion francs worth of shares will be sold to individual investors and employees, 40 percent and 10 percent respectively, at a still undetermined share price.

The sale to corporate investors is expected to take place before June. Sale to private investors is expected at the end of June.

TF1 was formed in 1975 when the state-run broadcasting authority was broken up. It is now the most-watched of the six channels, garnering about one-third of the television audience among France's 55 million people.

By comparison with U.S. television networks, for example, TF1 is relatively small. One of the American networks, ABC, changed hands in 1985 for \$3.5 billion, more than four times the price set for TF1.

Since the government announced last summer that TF1 would be sold, at least three groups have announced their interest in the channel, which posted a loss of 180 million francs in 1985.

The operator of TF1 will have considerable opportunity to shape it into a profitable venture. Not only will it be able to reduce what some critics say is a bloated payroll, but it will have access to a fast-growing advertising pie. Ad spending on French television is expected to grow from 7.5 billion francs this year to almost 14 billion francs by 1990, according to a recent study.

Bidders have a month to present their final proposals to the National Commission on Communication and Freedoms, CNCL, a regulatory body. Although CNCL, established last fall by the conservative government of Prime Minister Jacques Chirac, is independent in structure, analysts expect a large measure of politics in the ultimate decision.

Another group in the race for TF1 is led by Francis Bouygues, head of the Bouygues SA construction company. Mr. Bouygues has teamed up with the weekly news magazine, Le Point.

Claire Pichon, a spokeswoman for Mr. Bouygues, said his bid would be based on a promise to keep most of the channel's current programs. "We would run TF1 like an industrial operation," she said. "That means we would only make changes in the management."

The group to most recently announce interest in TF1 is led by Michel Baroin, head of the GDF insurance group and the FNAC retail chain.

In the wings are another half-dozen possible contenders.

Currency Rates

Currency	Rate	Change	Currency	Rate	Change
Australian dollar	1.3475	+0.0025	Swiss franc	1.4875	+0.0025
Belgian franc	36.33	+0.01	U.S. dollar	1.0000	—
British pound	1.6475	+0.0025	West German mark	1.4875	+0.0025
Canadian dollar	0.7175	+0.0025	Japanese yen	160.00	+0.00
Dutch guilder	2.3675	+0.0025	New Zealand dollar	0.4475	+0.0025
French franc	6.5575	+0.0025	Portuguese escudo	200.00	+0.00
Italian lira	1.3675	+0.0025	Spanish peseta	166.67	+0.00
Japanese yen	160.00	+0.00	Swedish krona	4.6675	+0.0025
New Zealand dollar	0.4475	+0.0025	Swiss franc	1.4875	+0.0025
Portuguese escudo	200.00	+0.00	U.S. dollar	1.0000	—
Spanish peseta	166.67	+0.00	West German mark	1.4875	+0.0025
Swedish krona	4.6675	+0.0025	Japanese yen	160.00	+0.00
Swiss franc	1.4875	+0.0025	New Zealand dollar	0.4475	+0.0025
U.S. dollar	1.0000	—	Portuguese escudo	200.00	+0.00
West German mark	1.4875	+0.0025	Spanish peseta	166.67	+0.00
Japanese yen	160.00	+0.00	Swedish krona	4.6675	+0.0025
New Zealand dollar	0.4475	+0.0025	Swiss franc	1.4875	+0.0025
Portuguese escudo	200.00	+0.00	U.S. dollar	1.0000	—
Spanish peseta	166.67	+0.00	West German mark	1.4875	+0.0025
Swedish krona	4.6675	+0.0025	Japanese yen	160.00	+0.00

Source: Reuters. (Dollar, DM, SF, FF, SDR, Lira) Bank (ECU). Rates applicable to interbank deposits of \$1 million minimum (for equivalent).

Interest Rates

Rate	Yield	Rate	Yield
1-month	6.00%	3-month	6.00%
3-month	6.00%	6-month	6.00%
6-month	6.00%	9-month	6.00%
9-month	6.00%	1-year	6.00%
1-year	6.00%	2-year	6.00%
2-year	6.00%	3-year	6.00%
3-year	6.00%	4-year	6.00%
4-year	6.00%	5-year	6.00%
5-year	6.00%	10-year	6.00%
10-year	6.00%	20-year	6.00%
20-year	6.00%	30-year	6.00%
30-year	6.00%		

U.S. Domestic Car Sales Fell 28.5% in January

By John Holusha
New York Times Service

DETROIT — Reflecting the effects of year-end buying in advance of changes in the tax laws, U.S. sales of new domestic automobiles declined 28.5 percent, to 624,979 units, in January, according to figures reported by manufacturers and importers.

The seasonally adjusted annual selling rate for the month was 7.1 million, a sharp decline from 11.5 million in January 1986, when sales incentives were offered.

The seasonal selling rate for domestic cars was 5.7 million, while the rate for imports was 2.4 million.

Sales of domestically assembled cars was off 32.7 percent in the month, while imports declined 17.4 percent, at least partly because of strong sales late last year.

But sales of domestic cars were off 25.8 percent in the final 10 days of the period, and the adjusted selling rate was 6.3 million, indicating that sales were gaining strength as the month drew to an end.

"It's still payback from tax reform," said Edward J. Sullivan, an

analyst with Chase Econometrics. "The gradual strengthening at the end of the month indicates that the negative effects of tax reform are wearing off, but the annual rate for domestics will still probably be below 7 million next month as well."

Susan G. Jacobs of Merrill Lynch Economics commented: "I think the new incentives helped the domestics in the final period of the month. The improvement will be gradual, but I don't see any sales spurts before March when some new products will go on sale."

The clear gainers in the month were the Japanese companies that have U.S. production facilities and were able to augment limited supplies from Japan.

Honda Motor Co.'s share of the car market improved to 7.4 percent, from 5.7 percent, while Nissan Motor Co. was up to 6.8 percent, from 4.9 percent. General Motors Corp.'s share slipped to 38.8 percent, from 44.2 percent last year, while Ford Motor Co. was up 0.2 of a percentage point, to 17.4, and Chrysler Corp. declined to 9.9 percent, from 10.3 percent.

France Registers First Surplus On Current Account Since '79

Compiled by Our Staff From Dispatches

PARIS — France registered a current-account surplus of 25.4 billion francs (\$4.2 billion at current rates) in 1986, its first since 1979, Finance Minister Edouard Balladur said Thursday.

In 1985, France recorded a deficit of 1.5 billion francs on its current account, a broad trade measure that includes merchandise as well as such nonmerchandise items as services.

The deficit in merchandise trade, the difference between exports and imports of produced goods, narrowed to 15 billion francs from 48 billion in 1985, Mr. Balladur said.

Trade in services posted a surplus of 37 billion francs, close to the 1985 figure of 38.8 billion.

"For the first time since 1978 our foreign trade has found its balance," Mr. Balladur said. The improved figures reflected a sharp fall in energy prices during the year and a continuing surplus in the food and agriculture sector, he said.

But these gains were partly offset by a steep decline in industrial trade and lower tourist earnings following the Chernobyl nuclear accident last April and concern about terrorist attacks in Europe, he said.

The industrial trade surplus fell to 32.2 billion francs from 82.6 billion in 1985, while revenue from tourism fell by more than 5 billion

francs, to a surplus of 22.8 billion francs.

In technology, France posted a surplus of 27 billion francs, down from 30.7 billion francs in 1985, he said.

France made foreign-debt repayments of 46 billion francs in 1986, while in 1985 it made net borrowings of 13 billion francs. Foreign debt, which stood at 43 billion francs at the end of 1985, was reduced to 7 billion francs at the end of 1986, Mr. Balladur said.

Foreign investment in France and French investment abroad left a shortfall of 6.5 billion francs, he said.

Assessing that he was "confident in our capacity to build up another surplus" in 1987, he said that the government had acted to improve the economy's competitiveness.

Mr. Balladur set three targets for the current year: further reorganization of industrial structures, reduction of production costs and increases in investment.

He said the volume of industrial investment had been between 3 percent and 4 percent per cent in 1986, up from 1.9 per cent in 1985.

The minister said France had to continue its policy of encouraging economic recovery, "which is starting to bear fruit," despite a less-favorable international situation. (AFP, Reuters)

Growth opportunities worldwide

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Premium Income Rose 10.4% at Allianz in '86

By Ferdinand Protzman
International Herald Tribune

MUNICH — Allianz AG Holding, continental Europe's largest insurance group, said Thursday that worldwide premium income rose 10.4 percent in 1986 to 19.2 billion Deutsche marks (\$10.6 billion) from 17.4 billion DM in 1985, although the West German currency's surge during the year pared revenue from foreign operations.

Allianz did not give profit figures for 1986. A company spokesman said they were scheduled to be made public in early summer. In 1985, Allianz had net profit of 327.7 million DM, up 8.5 percent from 302 million DM in 1984.

Despite the rise in premium income, Allianz's managing board chairman, Wolfgang Schieren, said the company's 1986 dividend was likely to be kept at 12 DM a share. Allianz's dividend of 12 DM a share in 1985 was up from 11 DM a share in 1984.

Mr. Schieren said much of the rise in premium income stemmed from the acquisition of Britain's Cornhill Insurance PLC in January 1986. Allianz had "satisfactory" premium growth in West Germany, he added.

Freemium income from foreign operations climbed 31.2 percent to 4.2 billion DM in 1986 from 3.2 billion DM the previous year,

powered by a 1.2 billion DM contribution from Cornhill. But Mr. Schieren said the mark's rise, particularly against the dollar and the pound, had dampened income growth abroad. Had exchange rates remained stable during the year, he said, premium income would have risen another 680 million DM.

Mr. Schieren said domestic life-insurance premium income rose 8 percent to more than 6 billion DM, while turnover in nonlife insurance rose 4.3 percent to 8.4 billion DM. Reinsurance premiums, which are not included in group premium figures, were about 5 billion DM in 1986, compared with 4.8 billion DM the previous year.

Allianz shares fell 17 DM on the news to close at 1,605 DM in trading Thursday on the Frankfurt Stock Exchange, but analysts said this was due to the market's general weakness, rather than a negative view of the company.

An equities analyst for Westdeutsche Landesbank Girozentrale in Düsseldorf said the unchanged dividend had been expected.

"We like Allianz very much," added John Horsman of BA Investment Management International in London. "The insurance market in Europe is firm, rates are rising and there is a lot more room to grow. And Allianz is certainly cash-rich."

Pan Am Hires Citicorp to Give Merger Advice

New York Times Service

NEW YORK — Pan Am Corp., the parent of Pan American World Airways Inc., has hired Citicorp Investment Bank to advise it on any merger talks and said that Citicorp would arrange up to \$150 million in financing for the airline.

Pan Am has been holding talks with American Airlines, the subsidiary of AMR Corp., about a possible acquisition of Pan Am. Sources close to Pan Am said Wednesday that other parties were interested, but would not name them.

At the same time, Pan Am's board turned down a proposal by four unions to grant wage concessions and productivity gains that would have reduced labor costs by \$600 million over three years.

The Joint Labor Council, which represents the four unions, has since directed its investment banking firm, Rothschild Inc., to "approach selected acquirers of the airline." Analysts said the unions could offer other carriers the same concessions as an inducement to bid for the airline.

Pan Am is expected to have a loss of about \$345 million for 1986.

Aetna to Drop Drexel Account Insurance

By Michael A. Hiltzik
Los Angeles Times Service

NEW YORK — Aetna Life & Casualty has refused to renew the policy by which it insures securities accounts held by Drexel Burnham Lambert customers for up to \$9.5 million an account, according to a Drexel spokesman.

The move has forced Drexel, already under a cloud because of its links to Ivan F. Boesky in the insider-trading scandal, to negotiate with other insurers for coverage. The spokesman, Steven Anreder, confirmed that Drexel was already

negotiating with "several companies" to provide similar coverage when the Aetna contract expires March 1.

Customer accounts at most securities firms are insured up to a limit of \$500,000 an account by the government-sponsored Securities Investor Protection Corp.

The insurance principally covers customer losses that might result from the failure of a brokerage. Most major brokerages also provide customers with what is known as "excess" coverage — that is, for securities account balances larger than \$500,000.

Drexel's coverage of \$10 million is unusually high among brokerages.

Protection over SIPC's \$500,000 limit has become more important for investors in recent months as the stock market has boomed.

This means that more investors are investing in stocks and that the size of their accounts may be growing as the markets rise.

Aetna declined to disclose its reasons for ending its coverage. Whether it has refused to renew policies at other major brokerages could not be determined.

COMPANY NOTES

Broken Hill Pty. and Blue Circle Industries PLC said they would accept an enhanced offer from Boral Ltd. of 5.75 Australian dollars (\$3.80) a share for their stakes of 41 percent each in Blue Circle Southern Cement Ltd. Boral had offered 5 dollars a share or six of its shares for every five of Blue Circle Cement. The new offer values the cement company at 659 million dollars, up from 573 million.

Emerson Electric Co. said it had been awarded \$64.1 million in a breach of contract suit against Am General Corp., a subsidiary of LTV Corp. The contract involved the U.S. Army's high mobility multipurpose wheeled vehicle.

Geico Corp. said a U.S. federal appeals court had affirmed a lower court order allowing Geico to proceed with a restructuring plan that had been challenged by Consist Partners, a group that had been making a hostile tender offer for Geico shares.

Industrial Equity (Pacific) Ltd., a Hong Kong investment firm, said it had raised its stake in North-western States Portland Cement Co. to 11.3 percent from 10 percent.

Mitsubishi Electric Corp. said its U.S. concern, Mitsubishi Electric America Inc., would set up a subsidiary in Mason City, Ohio, to produce car audio equipment and electrical car parts starting in 1988. Peacor Inc. said it had gotten clearance from the U.S. Federal Trade Commission to acquire all of Trico Industries Inc.'s common stock and had raised its stake in Trico's outstanding stock to 33.3 percent.

Pratt & Whitney's new turbofan commercial engine has been certified by the Federal Aviation Administration, the company said. The first commercial application for the PW2040 engine will be on a Boeing 757PF aircraft ordered by United Parcel Service.

Sytron Corp., recently taken private by Forstmann Little & Co., said its Brinkmann Instruments Inc. unit had filed for an initial public offering of 3.2 million common shares, or an 87 percent increase.

Texaco Inc. said it had sold the refining and marketing assets of its Texas Africa Ltd. subsidiary to the Royal Dutch/Shell Group for undisclosed terms, effective Dec. 31.

Company Results

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated.

Company	1986	1985	1984	1983	1982
Spain					
Bankia Central	Revenue	1,270	1,270	1,270	1,270
Year	Revenue	1,270	1,270	1,270	1,270
Per Share	Revenue	1,270	1,270	1,270	1,270
United States					
Fieldcrest Cannon	Revenue	1,270	1,270	1,270	1,270
Year	Revenue	1,270	1,270	1,270	1,270
Per Share	Revenue	1,270	1,270	1,270	1,270
Associated Signal	Revenue	1,270	1,270	1,270	1,270
Year	Revenue	1,270	1,270	1,270	1,270
Per Share	Revenue	1,270	1,270	1,270	1,270
Chrysler	Revenue	1,270	1,270	1,270	1,270
Year	Revenue	1,270	1,270	1,270	1,270
Per Share	Revenue	1,270	1,270	1,270	1,270
Marriott	Revenue	1,270	1,270	1,270	1,270
Year	Revenue	1,270	1,270	1,270	1,270
Per Share	Revenue	1,270	1,270	1,270	1,270
Washington Post	Revenue	1,270	1,270	1,270	1,270
Year	Revenue	1,270	1,270	1,270	1,270
Per Share	Revenue	1,270	1,270	1,270	1,270

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Salomon Outbids Japanese At Bond Auction in Tokyo

Reuters

TOKYO — Salomon Brothers Asia Ltd. bought about 40 percent of the 100 billion yen of two-year Japanese government bonds issued at Tuesday's auction, the first time a foreign house has outbid the Japanese securities firms on their own ground, Finance Ministry sources said Thursday.

Salomon Brothers told bond buyers that it had bought in response to clients' needs, bond market sources said.

However, the sources said the U.S. firm also bid aggressively in an attempt to demonstrate its commitment to the Japanese bond market in hopes of expanding its share of underwriting 10-year government bonds.

Foreign securities houses are allowed to underwrite about 0.3 percent of the volume of every issue of government bonds, a Finance Ministry spokesman said.

Salomon's purchase of an estimated 45 billion yen of the notes compared with about 30 billion yen bought by Nomura Securities Co. and 20 billion yen by Yamaichi Securities Co.

Salomon Brothers Inc. announced late last month that it would be increasing the capital of its Salomon Brothers Asia Ltd. affiliate by 10 times, making it the fifth-largest security company in Japan after the big Japanese firms.

Nomura is the biggest. It is followed by Daiwa Securities Co., Nikko Securities Co. and Yamaiichi.

The auction of the 3.8 percent coupon, two-year notes drew bids totaling 352 billion yen, producing a postwar low average yield of 3.973 percent with an average price of 99.74.

Salomon Brothers' bids were estimated at around 80 billion yen, the market sources said.

CARS: GM Net Down, Chrysler's Up

(Continued from first finance page)

of costs attendant to phasing out inefficient, redundant older systems.

Revolving the provision for plant closings, GM's fourth-quarter earnings would have totaled \$653 million, or \$1.83 a share, down 47.7 percent from a year earlier.

"What hurt them in a year that had to reduce production of their highly profitable large cars," said Ron Glantz, automotive analyst with the San Francisco brokerage house Montgomery Securities. "That and somewhat lower production resulted in their not showing the benefits that Chrysler did."

Mr. Glantz said the heavy reduction in earnings for plant closings meant that analysts would need to raise their estimates of GM's 1987 earnings.

General Motors shares were up \$7.625 to \$80 at the close Thursday in the New York Stock Exchange. Chrysler reported net earnings of \$523.6 million, or \$2.21 a share of common stock, in the three months ended Dec. 31, compared with \$215 million, or \$1.31 a share, a year earlier.

For 1986 as a whole, however, the company's profits were down. Chrysler reported net earnings of \$1.4 billion, or \$9.47 a share, down 19.6 percent from \$1.64 billion, or \$9.38 a share, in 1985.

Sales in the fourth-quarter totaled \$5.94 billion, up 10.4 percent from \$5.38 billion in the corresponding period a year earlier.

For 1986, sales totaled \$22.59 billion, up 6.3 percent from \$21.26 billion in 1985.

Chrysler shares were up 37.5 cents to \$30.125 at the close on the New York Stock Exchange.

"We're making money because we're doing well in the marketplace," said Lee A. Iacocca, Chrysler's chairman.

The automaker's fourth-quarter

Iacocca to Stay With Chrysler For 4 Years

The Associated Press

NEW YORK — Lee A. Iacocca has accepted an offer from Chrysler Corp.'s board to remain chairman for four years, Chrysler said Thursday.

Mr. Iacocca, 62, has been Chrysler's chairman and chief executive since Sept. 20, 1979, and headed Chrysler's recovery from near-bankruptcy.

In remaining chairman, he will receive Chrysler stock and options totaling more than 487,000 shares beginning in 1990, the company said. Chrysler's common stock closed Thursday at \$50.125 on the New York Stock Exchange. At that price, 487,000 shares of Chrysler stock would be worth around \$24.4 million.

Jean de Grandpre, chairman of the compensation and benefits committee of Chrysler's board, said, "We are pleased that Lee has decided to remain with Chrysler beyond normal retirement age."

operating earnings totaled \$629.3 million before taxes, 84.6 percent above \$340.9 million in the corresponding period a year earlier.

For the year, operating earnings totaled \$2.33 billion, down 1.7 percent from \$2.37 billion in 1985.

The 1986 operating earnings included \$144.3 million from the sale of Chrysler's 12.5 percent interest in the French automaker Peugeot SA.

The No. 2 U.S. automaker, Ford Motor Co., said it would release its financial report in mid-February.

ROBOTS: The New Generation

(Continued from first finance page)

technology used by San Francisco's cable cars. But automated guidance really began in the 1950s when Barrett Co., now a unit of West Germany's Mannesmann Demag, demonstrated the ability of vehicles to follow a magnetic path created by electrical current in wires buried in a factory floor. The wires also created a communications channel to control the vehicles' movements.

Advances in electronics have made it possible to track the status of the vehicles, providing system operators with updated information on whether they are empty or full.

Now researchers are racing to develop wire-guided AGVs with "dead reckoning," which allows them to set out in a specified direction from the path for a certain distance to complete a task, then

reverse themselves and rejoin the traffic grid. So far, such AGVs can wander only short distances without getting lost.

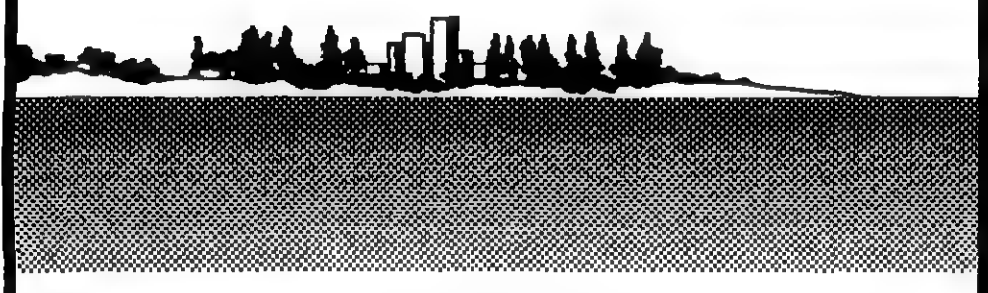
One obvious problem with wire-guided systems is the necessity of tearing up a floor to lay the wires. Lear Siegler's instrument group demonstrated in the 1970s that light tracking systems used in avionics offered an alternative. The trick was to lay an invisible electrical pathway of fluorescent material on a floor. An ultraviolet lamp mounted on an AGV could then send out a beam that caused the pathway to emit a red light that the AGV could follow.

Optical guidance technology also has drawbacks. The chemical pathways can be worn away, and such optical-based systems are especially vulnerable to grime and dust.

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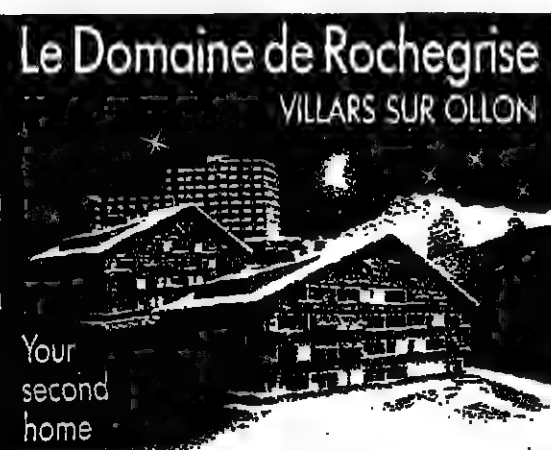
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SPORTS

As Others Revel in His Glory, Conner Quietly Sails On

By Angus Phillips

FREMANTLE, Australia — Dennis Conner and his crew on Stars & Stripes were sailing Thursday, but this time just for fun. Less than 24 hours after regaining the America's Cup, they were back on the Indian Ocean because, said Conner, "It's what I enjoy doing."

Meanwhile, crowds of Australians were arriving at the Royal Perth Yacht Club for a last glimpse of the 27-inch (69-centimeter) trophy in its red velvet case. It would be presented to Conner in a ceremony Friday, and Sunday he would take it with him back to the United States.

Wednesday night, the streets of Fremantle had echoed with loud music and the sky was alight with fireworks.

Behind the gates at the Stars & Stripes complex, celebrants by the hundreds shared in the glory of Conner's four-race sweep of Australia's Kookaburra III in the cup final. Outside, thousands revelled in reflected glory.

On a day that will live in yachting history, the first man to lose sailing's greatest prize had become the first to win it back. What went down Under was going back up.

Yet those who know him best said it wasn't the greatest sailing achievement for Conner, of the San Diego Yacht Club.

"He sailed very well this time," said mainsail trimmer John Wright as the winners' dock erupted into a shower of champagne and a riot of celebration.

"But in 1983, he sailed brilliantly," Wright said. "Think of the pressure he was under then, with a 132-year winning streak on the line and a slow boat to sail. And he almost pulled it off."

Fremantle is just about as far as one can get from Newport, Rhode Island, where on Sept. 26, 1983, Conner mounted the stage at the National Guard Armory alone and fearfully took the blame for the 4-3 loss to Australia II that ended the longest winning streak in sports.

Wednesday, he had company in accepting congratulations for the easy, 1-minute, 59-second victory that completed the rout of Kookaburra III in the only cup defense ever held outside the United States.

Conner, 44, invited his entire team to the foot of the stage at the Fremantle Port Authority, and up to the stage they marched, 35 strong — trimmers, grinders, navigators and all their backups — to listen while U.S. Ambassador Laurence William Lane Jr. broadcast by phone a message from President Ronald Reagan.

The victory, Reagan said, "represents the pinnacle of teamwork, competitiveness, hard work and American stick-to-it-ness."

And so it had. Stars & Stripes had its ups and downs in this four-month regatta, but since December, when Conner approved risky hull, keel and rudder changes to make his boat faster, it had been unchallenged.

Stars & Stripes swept USA, 4-0, in the challenger semifinals in December, then picked apart archrival New Zealand, which had lost just one

race, winning that best-of-seven series, 4-1, in January to set up the showdown for the cup.

Twenty-four times since the competition began in 1851 it had gone in favor of the defender. But finally, in 1983, and now again in 1987, it went the other way.

Although he hardly planned it, Conner would be among the first to say that his loss three years ago was the best thing that ever happened to the cup. With presidents, diplomats, television stations and newspapers suddenly avidly interested, sailing and the cup burst onto the international scene.

Hundreds of boats were waiting at the finish line as Conner's smoky-blue yacht barreled up the white-capped Indian Ocean on the last of the last legs. At the gun, he was set upon by a fleet of well-wishers blasting air horns and shouting congratulations.

From the boat El Zorro, a cloud of red, white and blue balloons took flight. On the Carmar, crew wives and girlfriends lined the rail in stars-and-stripes outfits, singing the syndicate fight song: "Ain't no doubt about it, we won't leave Perth without it."

Only the crew seemed unprepared. As Stars & Stripes bore off downwind for the victory ride home, those on the foredeck hurried to douse the headsail. There were handshakes all around, but Conner's speech was simple.

"He just thanked us and said he was sorry it was over so soon," said tactician Tom Whidden. Said jib trimmer Adam Ostendorf: "Right

now. I know we won the America's Cup, but it's hard to absorb that."

When the yacht sailed into harbor a half-hour later, the greeting for Conner, who is something of a local hero, was enthusiastic. Tens of thousands of people — police later estimated the crowd at 100,000 — crisscrossed the jetties. They were on boats, on shed roofs, on docks and sailboards and paddling around in tire tubes.

Finally, Conner came storming into the harbor under a billowing spinnaker and rounded up to douse the huge sail as the evening sun sank behind him.

The syndicate towboat, Betsy, took Stars & Stripes into the dock, where rituals of victory already were under way.

When someone slipped on soul star James Brown's "Livin' in America," the party really got wild.

The crowd began to dance, the champagne spritzes multiplied and one Stars & Stripes stalwart after another was pitched into the sea in the traditional baptism of a cup victor.

Pittman Jay Brown was asked what he was going to do when he got home. The question took him aback. He said, "I don't know. All I ever wanted to do was win the America's Cup."

Only two crewmen from the Kookaburra III camp dropped in. Grinder Rick Goodrich said he had been stopping by mornings to wish the Stars & Stripes crew well for months.

"We're disappointed, relieved and overwhelmed," said Goodrich, a cowboy from Tex-

as, Queensland. "We were thrashed by a better boat. But of anybody, I'd prefer to be beaten by these guys. They're the best mates we made here."

Syndicate chief Mahin Burnham instructed the crewmen to drop the shrouds on Stars & Stripes' secret keel, as by then the boat had been hoisted up onto land.

The skirts came tumbling and the odd-shaped keel was revealed, all except its stubby, delta-shaped wings, which were kept covered.

Stars & Stripes was designed with extensive help from defense contractors SAIC, Grumman and Boeing, who fed computer data to a team of designers whose goal was to build a boat as superior to the others that came here as Australia II was to Conner's Liberty in 1983.

"We tried very hard to do a real good job, come down here and represent America well," said Conner.

It had been an experience, not just for Stars & Stripes but for the 12 other challenger teams that came to the suburbs of the world's remotest big city, Perth, and for the hundreds of people who came along to help them, write about them or just to watch.

Some San Diegans had T-shirts printed up Wednesday, figuring this regatta would end there.

"Thanks, Fremantle," the shirts said, "it was a great party."

Not to mention some boat races that time won't forget.

For Stars & Stripes, Gambles Paid Off

Cup Was Won by Going Against Conventional Theories

By Barbara Lloyd

FREMANTLE, Australia — In their quest to win back the America's Cup, Dennis Conner and his Stars & Stripes team agreed early on that they had nothing to fear by taking risks.

As a basic tenet of their program, the philosophy won back the cup for Conner lost to Australia in 1983.

Success was attributable in large measure to hard work, creativity, thoroughness and experience. The formula began paying off when Stars & Stripes began the four-month series of trials in October. "Every call we made, we came up smelling like a rose," said Conner.

He went against conventional theory when he formed a three-man design team to create a new 12-meter. He tapped the practical

boating experience of David Pedrick, the grand prix ocean racing expert of Bruce Nelson and the radical bent of Britton Chance.

He then turned to John Marshall, a close personal friend, as well as a leading sailor, mathematician and biochemist, to head the technical design program that consisted of aerodynamic scientists, computer analysts and hydrodynamic experts.

The fact that their ultimate goal was a sailboat race seemed less important to them than it was to show that U.S. technology could win out.

Stars & Stripes '87, the boat that dominated Australia's Kookaburra III in the cup races, was the last of four boats Conner's syndicate built. Clearly, she was the best, but she wasn't always a winner.

Stars & Stripes represented a gamble. The boat was built to sail best in winds of 16 knots or more —

she gets better as the wind increases over 20 knots — and the gamble worked well in the first set of challenger trials in October.

In November, Stars & Stripes lost 4 of 11 races. As it turned out, that failure was part of the risk the design team took as the winds turned light.

Every statistic the syndicate had come up with indicated that Fremantle's weather had a better than 60-percent chance of being windy.

"Only in your dreams does anyone get a boat that is good in both light and heavy air," said Marshall. "The measure of good strategy is to have a boat that is good in one condition."

The heavy-air plan survived the gamut of three round-robin trials and the challenger's semifinals. But when the heat was really on in the challenger's final against New Zealand, the designers again decided that risk-taking was in order.

They added ballast low in the boat to make her more stable. The ends of the wings on the keel were changed, more sail area was added and a lighter mast was put in.

An innovative plastic film was applied to the underside surface of the hull to reduce drag. New sails were designed and built under the direction of Tom Whidden, Conner's tactician, who has recently been named president of one of the largest sail firms in the world.

Iain Murray and his Kookaburra III team had been nearly as gutsy as Stars & Stripes in taking chances, but those were tested in a much more limited arena.

The first race in the America's Cup series, although sailed in fluky wind conditions, was a rude awakening for the Australians, who had assumed that Kookaburra III would be the better boat in lighter winds. Even in air of 12 knots, Stars & Stripes won easily.

The only major change after the challenger's final was a new and larger rudder. It appeared that Stars & Stripes' superiority over Kookaburra III stemmed more from the little improvements that were made all along. And by Conner.

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Vreni Schneider, the veteran Swiss skier, sped around a gate Thursday at Crans-Montana, Switzerland, en route to winning her first world championship medal, by .56 seconds.

McEnroe Rejoining Davis Cup Team, But Will Miss First-Round U.S. Match

New York Times Service

PHILADELPHIA — John McEnroe will rejoin the Davis Cup team this year, the U.S. Tennis Association announced Wednesday, although he will miss the first round against Paraguay because of a scheduling conflict.

The U.S. team will play in Assisi on March 13-15. A week later, McEnroe has been designated by the Men's International Professional Tennis Council to play a tournament in Rotterdam, and told Tom Gorman, the Davis Cup captain, that he prefers to avoid controversy.

If the American team, yet to be chosen, defeats Paraguay, the second match will be in the United States in July, against either Spain or West Germany. McEnroe would join the U.S. team at that time.

He was a key member of the last U.S. team to win the Davis Cup, in 1982. In 1984, he refused to sign a document that stipulated players would abide by a code of conduct.

Last year, J. Randolph Gerson, president of the USTA, kept McEnroe off the team even though the document was rescinded and Gorman wanted McEnroe on the team.

Wilder, Jimmy Connors and John McEnroe returned to tennis last week Wednesday in the U.S. Pro Indoor championships in Philadelphia, and for Wilder the return was uncharacteristically brief. The New York Times reported.

Seeded No. 1, he was beaten by a fellow Swede, Jan Gunnarsson, 7-5, 7-6. It was the first time since 1980, when both were juniors, that Gunnarsson had defeated Wilder.

The usually placid Wilder uncharacteristically left the Spectrum immediately after the match, intending to attend the postmatch interview, and was assessed a \$1,000 fine.

Connors, at 34 apparently relishing being the old man on the tour, defeated Sergio Casal of Spain, 6-2, 7-6. McEnroe toyed with Mel Purcell, winning by 6-2, 6-1.

For those who thought that Connors might have retired after last year, a new prototype midsize steel racket was evidence that he still feels he is a top 10 player.

Little could be determined about how close McEnroe is to regaining top-five form, but he said that "I feel a lot better prepared than I did last year at this time."

McEnroe's second run, of 1 minute, 11.26 seconds, was the fourth-fastest. But with the lead of nearly a full second she had established in the first run, her total time of 2:21.22 was enough to beat Svet — the only Yugoslav woman to ever

win a championship medal — by .56 seconds.

"I could only hope for a mistake, which she did not commit," Svet said.

Walliser, eighth after a 1:12.49 first run in which she badly misjudged a gate, flashed through her second run in 1:11.02, a fast time for the others to chase.

Until Svet made her second run, Walliser was in first place. But the Yugoslav teen-ager, the junior World Cup giant slalom champion, cut the corner and sped through the straight of the 47-gate second course in 1:10.94, fastest of the day.

That put the pressure on Schneider. She has won seven World Cup giant slalom titles, a World Cup title in the event and is a close second to Walliser in the current cup overall standings. But she did not have a championship, not even a medal. She was 12th in the event in the last World Championships at Bormio, Italy, two years ago, with Svet 13th.

Schneider started slowly, with her time out of the chute 21 seconds behind the fastest. The fans who lined the course were cheering and ringing cowbells, and even the Swiss soldiers, assigned to fix the runs and replace the gate flags that speedy skiers dislodge, were waving hats as their countrywomen charged down the course.

By midpoint she had dropped another .05 seconds to Svet's pace, but the first-run margin held up and Schneider had a medal — a gold medal — at last.

"Two days ago I was crying at the finish line," she said. "Now I am overjoyed."

U.S. skiers, who dominated the giant slalom in the 1984 Olympics and world championships, fared poorly.

Dianna Roffe, the 1985 champion, failed to complete her second run after a 16th place in the first, timed in 1:13.12. Eva Twardok, the bronze medalist at Bormio, was 13th in 2:24.83. Debbie Armstrong, the Olympic gold medalist in 1984, was 17th in 2:25.01. Tamara McKinney, whose bronze in the combined is the only U.S. medal so far in these championships, was 18th.

Walliser said she will not compete in the final women's event, Saturday's slalom.

"I could not be happier with what I got — two golds and a bronze," she said.

HOUSTON — The Houston Rockets, who began the season as one of the National Basketball Association's elite teams, only to be wracked by injuries, were told Wednesday they probably had lost 7-foot-4 (2.2-meter) star Ralph Sampson.

He had sustained a large tear of the lateral cartilage in his left knee during a loss Tuesday night to Denver and will need surgery. It was thought Sampson had slipped where shoe polish was left on the court by a drill team practicing prior to the NBA game.

Schneider Nips Svet, Walliser Is 3d After Slip in Giant Slalom

By Piero Valsocchi

CRANS-MONTANA, Switzerland — Vreni Schneider of Switzerland exchanged tears of frustration for smiles of joy Thursday, winning the women's giant slalom at the Alpine Ski World Championships.

Schneider edged Mateja Svet, the 18-year-old Yugoslav who two days before had narrowly beaten the Swiss veteran for the bronze in the women's super-giant slalom.

When that medal suddenly vanished, Schneider cried in the finish area. But Thursday, under bright blue skies and with fans from her home town of Elm out in force, the defending World Cup giant slalom champion beamed as brightly as the gold medal she had just won.

Third, with a dashing second run, was Maria Walliser, the Swiss superstar who made a nearly disastrous mistake her first time down the Chezezon course. The bronze gave Walliser three medals — two of them gold — for the championships and tied her with teammate Erika Hess for the most medals by one woman in a world championship meet.

Fourth, only a quarter-second behind Walliser, was teammate Michela Figini.

Schneider's victory was the seventh for Switzerland in eight races so far, and Walliser's bronze gave the Swiss 13 medals, both records for the world championships. Only Luxembourg's Marc Girardelli, in the men's combined, has broken the Swiss victory run.

Schneider's second run, of 1 minute, 11.26 seconds, was the fourth-fastest. But with the lead of nearly a full second she had established in the first run, her total time of 2:21.22 was enough to beat Svet — the only Yugoslav woman to ever

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Lexcen: 'Kiss It Goodbye'

Compiled by Our Staff From Dispatches

FREMANTLE — Ben Lexcen, who designed the winged keel that wrested the America's Cup from the New York Yacht Club after 132 years, doesn't expect to see the cup again in Australia.

"It'll take 1,000 years, well, maybe 100 years, to get it back again," Lexcen said Wednesday night. "Who's going to do it? Nobody will ever have the advantage we had with the winged keel."

"We don't have any sailors in Australia, we have rowers. We had two rowers on Kookaburra III who'd never been on a sailboat before. The thing is, when we won in '83, we had a rifle going against a club, and Dennis still almost beat us. It's our submersible mind."

"We need more Crocodile Dundees down here, we really do."

Added Lexcen: "And the New York Yacht Club can kiss it goodbye, too. They'll never get it back now. If it's not in San Diego, it'll be in some other nation. They better do something else with that trophy room. Make it a bar, maybe."

In the author Damon Rumyon's famous comment notwithstanding, the cup competition struck a lot of U.S. television viewers as more exciting than watching grass grow. Early figures for the final race indicated it had been watched in an average of 1.9 million U.S. homes, and many East Coast viewers stayed up past 3 A.M. to watch to the very end.

But for a large number of New Yorkers, the last hour of the final race was as exciting as watching a blank screen. Exactly as exciting. At 2:14 A.M., while the boats were sailing upwind on the sixth and next-to-last leg, these viewers' screens went dark.

